The Nation's Business

THE FINANCIAL POST

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Automobile Business Gives a Challenge

THERE is an important lead for business in the plans now being laid to introduce the new 1939 automobiles.

Motor car manufacturers are extraordinarily canny in judging their market. When they sense—as they do now—that better business lies ahead, it is a cue that may well be used by other lines of business.

In 1933, when the motor car firms spent huge sums to modernize their plants and their product, it looked like a forlorn hope. Yet when the history of those days came to be written it was found that the automobile industry stood far out in front in preparedness and ability to cash in on returning prosperity.

* * *

AGAIN this year huge sums have been spent to modernize and improve the 1939 product; far-reaching plans have been laid in anticipation of a very substantial increase in consumer buying power during the next six months.

In short, the automobile industry is banking on a big increase in the national sales curve during the coming winter and spring. It is making plans now to ensure that a larger-than-average share of those dollars goes into buying its product.

This is a challenge to every Canadian business.

* * *

When Their Majesties Visit Canada

CANADA is looking forward with intense eagerness to the forthcoming visit of the King and Queen. In at least three respects this promises to be one of the most significant events in our post-war history.

1. It should be a potent influence toward national unity.
2. It should greatly strengthen the bonds of Empire.
3. It should focus the attentioh of the world on the resources and achievements of this Dominion.

Much will be said and written concerning the first and second of these important considerations. They are the two factors which doubtless loomed large in the deliberations which preceded the announcement of this royal pilgrimage.

What about the third?

What sort of impression will the world get about Canada, when it becomes the world's Number One news story of 1939?

* * *

THE sort of publicity which Canada will receive on this great occasion will depend largely on the kind of trip which is now being planned for Their Majesties.

What will the King and Queen do while they are here?

Will they be allowed only to enjoy social pleasantries in a few urban centres? Will the headlines be only about unveiling war memorials and visiting universities; about dull civic reception speeches and pompous after-dinner flattery; about the biological freak of a multiple birth?

All these are important, but they are only part of Canada's great story.

This country boasts some of the greatest gold and metal mines in the world. It boasts the greatest newsprint plants in the world. It boasts hydro-electric and chemical undertakings that bring visitors from the ends of the earth. It has great farms and far-reaching industrial plants.

* * *

THE King and Queen should be invited to go down into our Canadian mines. They must be scheduled to visit our newsprint mills, our power plants, our big chemical, agricultural and industrial establishments.

For too long Canada has been interpreted to the world in terms of the beaver, the buffalo and the blanket. With the world's crack newspapermen sending the story of this visit to millions of eager listeners across the world, we must make sure that the Canada they see—the Canada our King and Queen see—is a Canada truly representative of a great industrial and commercial nation.

The whole world will live this visit via news dispatches, films, radio and pictures. Let us make sure that the world for once lives life as it is really lived in Canada.

* * *

Alberta Acts Quickly in British Oil Matter

AS URGED during recent weeks by The Financial Post, Alberta crude oil interests have decided to send a spokesman to London before Christmas.

This spokesman will be in a position to give British financial and official interests the information they want. He will be an official delegate of oil interests and of the Alberta Government. Hence, the complaint of the Britishers that no authoritative spokesman has come will be answered. He will be armed with facts and figures now being prepared for him by the Conservation Board.

Who will that spokesman be?

So far there is no indication.

It is to be hoped that the man entrusted with this task has a clear view of all the factors involved; that he is not unfamiliar with the very different methods of the British financial community; that he is an experienced businessman as well as oil man.

Bren Enquiry Checks Inglis Finance Plan

Transactions in Securities Checked by Royal Commission

AUDITORS TESTIFY

From Our Own Correspondent

OTTAWA.—Salient facts brought out as the Bren Gun enquiry entered its fifth week of sessions included:

1. Organization of the present John Inglis Co. by Major James E. Hahn and his associates covered a period of more than a year and a half, ending April 30, 1938, when the property of the old company was finally vested in the new concern. This date was more than one month after the signing of the Canadian Government contract for the manufacture of Bren machine guns.

2. When Major Hahn wrote to Deputy Defence Minister L. R. La Fleche that he held controlling interest in the John Inglis Co., there was nothing in the records to show that he was connected with the company.

3. Books of Cameron, Pointon and Merritt, Toronto brokers, who described their activities as bankers for the new John Inglis Co., in its organization, showed travelling expenses "abroad" for Hugh Plaxton, M.P., amounting to $500 in one case and $750 in another.

Financial Intricacies

The Royal Commission enquiry this week plunged into the intricacies of a financial set-up which had involved the incorporation of four separate companies. The evidence was presented by Guy E. Hoult, of the firm of P. S. Ross & Sons, Montreal chartered accountants.

Major developments of the 19

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Ready to Meet Libel Actions

MacLean Publishing Co. Gets Bren Article Complaints

Notices of complaint of alleged libel on the John Inglis Co., Toronto; Maj. James E. Hahn, president of that firm; and Hugh Plaxton, M.P., Toronto, have been served upon The MacLean Publishing Co. as publishers of Maclean's Magazine and The Financial Post. The complaints refer to the publication in Maclean's Magazine issue of Sept. 1 of Col. George A. Drew's article, "Canada's Armament Mystery," and the summary of the article in The Financial Post of Aug. 27.

The article criticized the contract given the Inglis firm by the Canadian Government for production of Bren machine guns. As a result of its publication and the public interest that resulted, investigation is now being made by Mr. Justice Davis at Ottawa into the terms of the contract, the manner of its negotiation, and the financing of the project.

Five Notices

Five notices of complaint have been filed with the company. Four were served by Blake, Lash Anglin & Cassels, solicitors, in behalf of the John Inglis Co. and Maj. James E. Hahn. Two of these concerned allegedly libellous statements in the Maclean's Magazine article about the Inglis firm and Major Hahn. The other two complained in behalf of the same parties of similar statements incorporated in the condensed version of the article in The Financial Post.

The fifth complaint was served in behalf of Hugh Plaxton, M.P., by Ludwig, Schuyler and Fisher, solicitors. This notice objects to statements in the magazine article.

Comment of President

Commenting on the receipt of the notices, Horace T. Hunter, president of The MacLean Publishing Co., said:

"Our publications have always been fully aware of the responsibility incurred in presenting such articles as that of Colonel Drew's, and in all such cases the facts involved are carefully checked.

"The Bren gun article is but typical of many other articles of a public service character which have been published by us in our various publications over the past 50 years.

"There is never any malice on our part and, of course, there are no political or party considerations involved.

"We have in mind at all times the interests of our subscribers, indeed of all Canadian taxpayers.

"We are prepared to substantiate the facts in this case before any tribunal. The article complained of was published after the fullest investigation and checking."

Mimico and New Toronto Refunding Plans Approved

Refunding plans of the towns of New Toronto and Mimico have been approved by the Ontario Department of Municipal Affairs.

By the plan old debentures will be exchanged for new debentures of the same face value, and will bear interest at contractual rates until maturity and thereafter at 4½%.

New debentures will be dated July 1, 1938, and arrears of interest on matured debentures will be settled by the payment of 60% in cash in the case of Mimico and 85% for New Toronto. Claims for interest will be calculated on the basis of contractual rates to maturity and 4½% thereafter.

Market Leaders — No. 1

Outlook for Ford Motor

Automobile Industry May Give Impetus to Business Upturn

With the war crisis passed and business gaining, Canadian industry offers growing values for the investor. Commencing this week The Financial Post will discuss ten of the country's leading companies.

Next week: International Nickel.

By A. D. ELLWOOD

Staff Writer, The Financial Post

The automobile industry was the first to move up from the depths of the last depression and the same industry is expected to give the impetus that business needs to resume its upturn.

In Canada the investor can participate in the profits of the automobile industry through Ford Motor Co. of Canada. Interest in the shares of this company is widespread, not only in this country but also in the United States where Ford A shares appear frequently among holdings of leading investment trusts.

Ford Motor Co. of Canada has exclusive manufacturing and selling rights for Ford cars and trucks and Fordson tractors in all parts of the British Empire except Great Britain and Ireland.

Represented in All Classes

With the introduction this year of the new medium-priced "Mercury," Ford will have a car in each major price class. Of these only the Ford V8 and Mercury are to be made in Canada; the Lincoln and Lincoln-Zephyr will be imported from the U. S.

Although this complete coverage of the field gives dealers some competitive advantage, it may be questioned if sufficiently large production volume for the Mercury can be obtained in Canada to make this a profitable line to the Canadian company.

So far Ford has confined his commercial cars and trucks to the smaller sizes but in the large volume field the company obtains an important volume of business.

Main plants are in Canada. At Windsor, manufacturing capacity is 100,000 units annually. Assembly plants are operated in Canada at Toronto, Vancouver and Winnipeg. Wholly owned subsidiaries operate assembly plants in South Africa, Australia, India, Malaya and New Zealand.

During the past few years, additions and modernization plans have been carried out at the company's plants. When this programme is completed, it will have cost about $10 millions, all of which has been provided from earnings and cash resources. Substantial savings in costs will be made possible and the added productive capacity will enable the company to handle normal growth of its business. Since 1934 this programme in Canada has made available a threefold increase in power plant capacity, a modern foundry, an adequate body plant, more advanced types of equipment in other departments and suitable branch plants at Vancouver and Saint John.

As a result of this programme, investment in fixed asset has grown from $26.7 millions at the end of 1935 to $32.9 millions at the end of 1937, a gain of $6.2 millions or 23.2%. Against total fixed assets of $32.9 millions, depreciation reserves of $21.2 millions had been provided at the end of 1937, leaving net fixed assets of only $11.7 millions. This is not much more than actual expenditures of the past five years on plant improvements.

Investment in Subsidiaries

Ford Motor of Canada does not publish a consolidated balance sheet. But at the end of 1937 investments in capital stocks of affiliated companies totalled $9.1 millions, a gain since 1935 of $2.9 millions. In addition to the direct investment, advances to affiliated companies amounted to $5.2 millions in the latest balance sheet. This latter item is stated to represent value of materials sold for assembly and resale of Ford products and to be fully secured by cash, net current accounts and receivables. Thus total investment in subsidiaries, all wholly owned, was $14.3 millions at the end of 1937.

This investment has been profitable. Net profits of subsidiaries were $4.3 millions in 1937, a gain of 51% from the $2.9 millions earned in 1936. After payment of dividends amounting to $3.4 millions in 1937, accumulated surplus of subsidiaries increased from $1.3 million at the end of 1936 to $2.2 millions. The return to Ford on its investment is large, almost 30% on the $9.1 millions last year.

Importance of Exports

Export business of Ford Motor of Canada is an exceedingly important portion of its sales value, and 83% of total exports go to the company's own subsidiaries. During 1937 the company sold 34,055 automotive units in Canada and shipped 40,043 to export markets. Receipts from sales in Canada, including sales of replacement parts, amounted to $26.8 millions, an increase of 24.3% over 1936, and from export sales $19.4 millions, an increase of 22%. For the last few years exports have been around 50% of annual production.

This gives some idea of the importance of the company's export market. Almost all of this goes to other parts of the British Empire,

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Gamble for Charity

Most of Irish Sweepstakes Millions Never Reach Benefitting Hospitals

By GUY S. CUNLIFFE,

Staff Writer, The Financial Post

Some 120 Canadians took particular interest this week in results of the Cesarewitch, the famous English horse race run off at Epsom on Oct. 26. Few if any of the 120 had any real interest in horse racing or took a horse fancier's interest in what horse won. But each hoped that the horse that did win would be the one matched last week at Dublin to the stub of his Irish Sweepstake ticket.

Every holder of a ticket drawn to the name of an entered horse was assured of at least $2,100 and a chance at top prizes of $150,000, $75,000 and $50,000. Other Canadians, not holding "horse tickets," might win ome of the consolation prizes of $500 apiece, or the "residual prizes" which vary from $1,000 to $5,000.

Adding up these variable windfalls for a comparative handful of Canadians means that Canadian prize winners were allotted all or most of $500,000—the amount of each of the prize units into which are divided the millions distributed throughout the world by each sweepstake. The number of $500,000 units distributed varies with each sweepstake in accordance with the net receipts available for prize money. And the number of units or the part of a unit paid to winners in various parts of the world is gauged with remarkable closeness to the volume of ticket sales in each particular region.

Canada Gets $500,000

Published records of previous draws, which have been held thrice annually at Dublin for the past eight years, indicate that Canadian ticket holders can usually depend on capturing the better portion if not all of a prize money unit. The records also indicate that the Irish Hospitals' sweepstake returns to prize winners about half the gross revenue from sales.

Thus Canadians pay out $1 million on every sweepstake, for 400,000 tickets at $2.50 apiece, or at the rate of $3 millions a year.

If this sounds like a lot of money —and it is a healthy slice of the national income—stop to consider that it is only about 7% of the $48-$50 millions a year being collected throughout the world from those seeking a short cut to wealth.

The official literature and newspaper reports of the Irish Hospitals' Sweepstake put great emphasis on the amounts that have been paid to prize winners and to Irish hospitals. This emphasis is matched only by the absence of details on the terrific expenses that are deducted before the net proceeds get to the prize winners and the hospitals.

Only 13% to Hospitals

However, such percentage figures and partial figures as have been issued leave little doubt that the net benefit to the hospitals has failed to average more than 13% of gross ticket sales during the eight years of sweepstake operation. It has not risen above 16% or 17% on any individual sweepstake.

The sweepstakes operators can point with justifiable pride to the fact that, regardless of what percentage of the gross gets to the hospitals, the tremendous total of $65 millions has been turned over for the benefit of some 300 hospital institutions in Eire in eight years. And the hospital authorities are duly appreciative, for the sweepstake funds have been largely instrumental in the completion of 23 new hospitals, extension of 50 others, construction of 11 others partially completed, and starting of five others.

But the sweepstakes have not proved an unmixed blessing by any means. They have provided huge sums which otherwise might not have been provided, chiefly for capital expenditures on extensions and improvements of hospital facilities. At the same time they have had a serious effect on the financial support voluntarily contributed for hospital operations, and on the demand

(Continued on page 8, col. 4)

Highlights of the Week

Brokers and governments are co-operating to protect the investing public, both from its own unwisdom and from the unethical few. The regulations now enforced by stock exchanges and security commissions will have an important effect on the next bull market.

The Next Mining Market Boom—p.

* * *

Proposals to construct a highway from the U.S.-B.C. border up to Alaska which had become a dead issue in Canada in recent years have been revived by Premier Pattullo of British Columbia. The plan now assumes interest in the defense schemes of both countries.

Path Through Canada—p. 28.

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Germans Push Trade Power Down Danube

Economic Advance in Balkans Follows Czech Penetration

HOLD ADVANTAGE

By FLOYD S. CHALMERS

Editor, The Financial Post

BERLIN.—When the "crisis" got off the front pages of European newspapers, there was room for several significant pieces of news.

President Benes resigned in Czechoslovakia and was succeeded by a government committed to friendly economic relations with Germany.

Jugoslavia and Germany were found to be negotiating a commercial understanding, under which Germany would take practically the entire exportable surplus of Jugoslav produce and would in return supply machinery and munitions.

Dr. Walter Funk, Reichminister of Economics, showed up in Sofia, vigorously exercising his rôle of No. 1 commercial salesman for Germany. In Angora he granted Turkey a credit of £12,500,000 for industrial and military development.

Germany is driving down the Danube. During the crisis her traders never relaxed. As a matter of fact throughout the period of greatest tension Dr. Funk was in the Balkans arranging credits, negotiating trade agreements and selling German goods.

Prestige in the Balkans

France and Britain have lost prestige in the Balkans. Germany, on the other hand, has demonstrated her might. She is following up her advantage. She is obtaining an economic stranglehold on the Danube countries that she will never willingly relax. Today she is top-dog in the trade of the southeastern countries.

She is enmeshing the Balkan states in a system of economic vassalage unprecedented in modern times.

Does this threaten the peace of

(Continued on page 2, col. 5)

Utility Control Next B. C. Move

Coast Business Fearful Gasoline Action Just the Beginning

From Our Own Correspondent

VANCOUVER.—British Columbia's experiment in fixing prices of gasoline, which it is feared by business interests may be the forerunner of similar excursions into other industrial fields, materialized when the executive council formally approved a list of arbitrary reductions approved by the Coal and Petroleum Board, headed by Dr. W. A. Carrothers, Premier Pattullo's one-man "brain trust."

These cuts were originally scheduled to become effective Oct. 26. Before that date, however, the oil companies obtained a one-day injunction and prepared application for continuing the restraining order.

The reductions range from three to six cents a gallon and affect all parts of the province.

Fears of businessmen and industrialists are centred in the probability that, having broken ground into the gasoline trade, the Government will explore the field of price and rate fixing in many other lines. There is no longer any doubt that the Government proposes to take over control of public utilities, especially the light and power business, through the appointment at the present session of the Legislature of a commission for that specific purpose.

Power and Light Problems

When the commission sets out to fix power and light rates it will be confronted by many of the difficulties that have beset efforts of the New Deal to regulate utilities, and one them will be to devise a yardstick for the determination of how rates should be based. The problem will probably involve lengthy technical considerations regarding the obligations of the utilities to invested capital; what is considered a fair return, and so on. Complicated as has been the investigation into gasoline prices, the power situation promises to be even more difficult.

Quebec May Go To New York

From Our Own Correspondent

MONTREAL. — Rumors and cross-rumors regarding Quebec's plans to carry out necessary financing have left the distinct impression that all is not going well despite official reassurances. One unconfirmed report this week is that the current financing will be carried out in New York. Lazard, Blyth and Co. are reported to have secured a Quebec issue for $40,000,000. Further this report says the issue will be payable in American funds, but there is no information on the coupon rate.

England Shows Us Road to National Greatness

By FLOYD S. CHALMERS

Editor, The Financial Post

In the cold grey dawn of the morning after the crisis, the British people did a penetrating job of national self-analysis.

Among the questions they asked themselves were these:

"How can we keep this nation strong if we waste the physical and spiritual energies of the people in unemployment?

"Why can we not keep alive, in this happy interval of peace, the spiritual energy and the nation-wide desire to serve the State that emerged as the determining factor in the dark days of crisis?"

England is not too proud to learn, even from dictatorships. Before I left England 10 days ago I found men and women of all walks of life demanding to know how they could serve the State. They wanted to serve it voluntarily, not by compulsion. They wanted to implant in a democracy the spirit of individual self-sacrifice and the will to work that has restored Germany to a position of might among the nations.

Newspapers Lead in Challenging Effort

The Times has been carrying on, in its usual quiet, unhurried manner, a deliberate campaign to achieve in England a form of National Service organization, not only to provide more adequately for the nation's defense, but to strengthen the country in its industrial life.

Lord Kemsley's fast-rising papers, the Daily Sketch and the Sunday Graphic, have been doing a magnificent journalistic job in exploring the possibilities of "work for the workless" and in promoting national fitness.

Lord Beaverbrook's Daily Express has been urging its readers to stop trying to weaken the dictators but to set out to make the Empire itself great and prosperous.

There is a new spirit in England; a new determination to close the gaps in the nation's industrial defenses and productive defenses at the same time that the gaps are closed in the military defenses.

Canadians, Too, Seek Only Leadership

Last Monday I had the honor of addressing an audience of 565 leading business and professional men at a meeting of the Canadian Club in Toronto. There was time only to highlight a few of the events of the crisis and to emphasize the positive gains that we, the democratic nations, had gained from the Munich peace plucked by Mr. Chamberlain from the clouds of despair.

The reaction to that address has convinced me that in Canada, just as in Britain, there is a tremendous desire for national leadership to bring Canada out of its policies of drift and indecision and inaction in respect to the great social and economic problems of the nations.

Young men—many of them—have come to me and said:

"You stopped at the very point where you should have started to talk. What we want to know is how Canada can learn from Hitler's Nazi Germany and Mussolini's Fascist Italy the way to make this nation great by ennobling work and enlisting everyone in the service of the country?"

These young men want to know how Canada can provide for 100% employment of the people; for a campaign of physical and social fitness; for the elimination of waste in our national life; for the unification of the disunited fragments of Canada.

Opportunity Afforded Statesmen of Canada

What an opportunity for the statesmen of Canada! What a challenge to our national leaders to get down to business after playing for years the crudest form of negative politics with practically every great problem facing the country: the railway problem, the unemployment problem, the problem of rebuilding our constitution, the problem of training the future leaders of the nation.

What has Canada learned from the crisis? Have we learned the lesson that efficiency counts in a nation as in an individual? Have we learned that each citizen has a duty to the State as great as the State's responsibility to the citizen?

Other freedom-loving nations have learned a great lesson from the recent crisis. Out of the anguish and despair of one of the most tragic moments of history there has come, in Britain and in France, a determination to build for enduring power through organization and work.

Their very love of individual freedom has led the democratic states to disunity and social conflict, to the squandering of public money, to such absurdities as paying people for doing nothing. In Canada we go so far as to make it part of national policy to seek to bonus every group and every area at the expense of a mythical treasure chest known as "Government money."

In Germany the symbol of power is the spade. Here it is the ballot box. In Germany wages are fixed at what the nation can pay. Hours of work are fixed by the amount of work to be done. If a man has no job, the State gives him something useful to do.

Last month democracy came face to face with a new type of State—the dictatorship State where wavering and uncertainty have given way to purpose and decision.

Dictatorship Versus Freedom

The difference between the two can best be seen by comparing Germany and Great Britain. The comparison is not one of military forces and defensive armaments. Rather let us look at civilian life in these nations.

In Germany there is, practically speaking, no unemployment. No man and no woman is paid by the State for idling. Work has been created for all and everyone wants to work.

The face of the nation is being changed. Waste land is being turned into production. Forests are being replanted and every tree accounted for as it is used. Slums have been abolished and decent homes provided for all. Cities are being rebuilt, swamps drained.

Boys and girls are trained as leaders and as workers. Women are given a place of nobility in the service of the nation. Physical fitness is idealized in a practical rather than a romantic way.

Germany has mobilized individuals to create a nation. Adolph Hitler has turned a defeated, disillusioned, despondent people into a unified nation of might and strength.

Germany's Methods Not Our Methods

Much of what Germany has done has been achieved by regimentation, by propaganda, in some measure by compulsion. Few of the methods of Nazi Germany could or ought to be applied in any democratic state. In few matters is Naziism as pleasant as in its notable organization of the nation for work. In fact, on the whole, Naziism is a hateful thing.

But it is not all compulsion in Germany. There is much that is just and fair and inspiring in Hitler's remarkable organization of the Reich. The German people are proud of their State, proud of their children's organizations, their youth corps, their labor battalions, their women's service fronts. They love to work and are happy that, as they work, they build a greater Germany.

This is the positive side of Germany today. It is a picture that is too often obscured by brutalities, lunacies and excesses in other directions. But although we hate much of German aggression we would be stupid and blind not to seek to learn what we can from Germany's amazing achievements in the organization of civilian life.

England Responds in the Crisis

Let us turn now to England. The Mother Country entered the crisis with over 1,500,000 unemployed; with a staggering annual bill for the "dole"; with black areas crying out for industrial reorganization; with the civilian population untrained for the work that would have to be done if war came; with a new depression sharply pressing.

However, when the crisis came, the British people responded magnificently. They volunteered in hundreds of thousands for unpaid service for the nation. Now that the crisis is over they are still ready to serve.

One little story will suffice to tell of the continuing desire of the British people to devote themselves as individuals to the strengthening of Britain.

Territorial units all over the country were called up. After Munich, these volunteer soldiers were told that they were demobilized and might go to their homes. Those who had left steady jobs to join the forces naturally went back. They were needed in civilian life. But in unit after unit, 100% of the unemployed men and women decided, without the slightest compulsion, that they wanted to carry on, to get further training, to remain on active service rather than go home to idleness.

Leaders of opinion in Britain are now determined to harness the unselfish spirit shown in the dark days of crisis in order to achieve,

(Continued on page 5, col. 4)

United Fuel Plan Sent To Holders

Special Meeting Called for Dec. 16 to Consider Agreement

ARREARS OF 37½%

A letter has been sent to shareholders of United Fuel Investments Ltd. outlining the proposed reorganization plans of the company's capital structure. A special meeting has been called for Dec. 16 to consider the arrangements.

Enactment of the plan would enable United Gas & Fuel Co., a subsidiary company to acquire the gas distribution system of Dominion Natural Gas Co. in the Hamilton area, and eliminate arrears on the preferred stock of the company, amounting to 37½% at Oct. 1.

By the plan holders of the 6% preferred stock of $100 par value would receive for each share and accrued dividends in arrears amounting to $37½ at Oct. 1, 1938:

(a) one 6% cumulative redeemable class A preference share, of $50 par value, with dividends from Sept. 1, 1938.

(b) One non-cumulative class B preference share, of $25 par value.

(c) A dividend of $2 a share.

Holders of the existing common shares will receive 9/10 of a common share, and fractions will be dealt with by means of bearer certificates.

After payment in full of class A preference dividends further disbursements will be made among holders of class B preference shares and common pro rata, or share for share.

New Capital Structure

The new capital structure of United Fuel will be as follows:

		$
90,000	6% cum. red. class A pref., $50 par value	4,500,000
90,000	Non-cum. class B pref., $25 par value	2,250,000
90,000	Common shares, no par value	50,000
		6,800,000

Half Common Released

The plan calls for delivery to Dominion Natural Gas Co. of half the holdings of common shares owned by Union Gas Co. of Canada. Union owns more than 99% of the total common stock of United Fuel.

Both companies thereafter will place the common shares in a voting trust, whose trustees will elect all directors of the company except in the event of the new preferred shares being in arrears.

The Dominion company will also receive $1 million of 5% second mortgage bonds of United Gas & Fuel Co. This amount is said to be materially less than the appraised value of the properties after deducting allowance for duplication of lines.

A meeting of the shareholders of Union Gas Co. will be held in Chatham on Dec. 1 when the proposals will be considered.

Benefits Seen

The Union Gas Co. is to receive $180,000 from United Fuel in consideration of Union surrendering its exclusive rights under the natural-gas supply contract and delivery of half its common shareholdings.

It is expected that the merging of the two organizations will result in definite benefits to the organization. It is also intimated that after 1941 when the agreement with the city permits, a stable market for mixed gas throughout the city can be developed.

Earnings Lower

Consolidated earnings of United Fuel for five months ended Aug. 31, 1938, amounted to $28,550, after provision for income tax, as compared with $129,208 in the same period in 1937.

The larger part of the reduction is due to the lower selling prices of coke.

Fall Session On Oil Called

Alberta May Force Obedience to Conservation Pending Test

From Our Own Correspondent

CALGARY.—Oil is the reason or the excuse Premier Aberhart has given for calling a special session of the Alberta Legislature to meet Nov. 15.

In unofficial circles it is indicated that Minister of Lands and Mines N. E. Tanner is responsible for the special session. Business to come under consideration is apparently quite different and apart from that of the Royal Commission recently appointed to investigate oil marketing costs.

Constitutional validity of the legislation giving effect to the gas conservation programme has been attacked by the Mayland companies. One court action to date has been dismissed, but the plaintiffs indicated that they would renew the attack in another court.

It is understood the view of Mr. Tanner is that probable litigation over the conservation programme would take many months. Meanwhile there would be tremendous waste of valuable and irreplaceable natural resources and positive injury to Turner Valley crude wells.

At the present time a few operators are flatly refusing to let officers of the conservation board on their property.

Two amendments expected from the special session would: Force operators to obey orders of the conservation board pending court test, and, Oblige operators to allow officials of the conservation board access to their well heads.

MEN'S SHOP

DAY and NIGHT
The English Fitted Overcoat

This superbly turned coat is a most useful addition to any man's wardrobe. A favourite with many men who like to feel "dressed" for their important business engagements during the day . . . correct for formal evening and theatre wear. Tailored for the Men's Shop of all wool coatings that offer a wealth of warmth and comfort. Richly lined and finished.

Sizes 36 to 42 Each 50.00

These coats may be purchased on EATON'S Budget Plan Terms if desired.

FREE PARKING WHILE SHOPPING

MEN'S SHOP
BAY STREET SECTION

EATON'S - COLLEGE STREET

Bren Enquiry Checks Plan

(Continued from page 1)

months between the original offer made to purchase the old John Inglis Co., then in receivership, and the vesting of the property in the new company included:

Purchase offer of $250,000 for the assets of the old company, made September, 1936, by W. Stanley Nurse, trustee for J. E. Hahn, J. D. Cameron, of Cameron, Pointon & Merritt, and H. A. W. Plaxton, of Plaxton & Co., a brother of Hugh Plaxton, M.P. This offer was accepted on Oct. 19, 1936, by Toronto General Trusts Corp., acting for the bondholders and Premier Trust Co., receivers.

Formation of British Canadian Engineering Ltd. and Anglo Engineering Co. in Nov., 1936, with employees of Plaxton & Co. as provisional directors.

Agreement by British Canadian Engineering Ltd. to purchase Inglis property from Nurse for $1,400,030 in June, 1937. The right to use the name of John Inglis Co. was given to British Canadian on June 3.

Capital Increased

New Inglis Co. by-law passed in June authorizing change of capital from 200,000 shares of $1 to 250,000 shares of $6. Supplementary letters patent for this change were not obtained until March 25, 1938.

James E. Hahn appointed manager of the new Inglis Company, June 30, 1937.

Final payment on cash installments which totalled $100,000 made to Toronto General Trusts Corp. on March 31, 1938. This payment was due Feb. 6, but time extensions had been allowed. (The Canadian Bren gun contract was signed on March 31, 1938.)

Surrender by John Inglis Co. to Toronto General Trusts of $150,000 in 6% first mortgage bonds, completing purchase of the old Inglis assets, on April 30, 1938. Court order of the same date vesting property in the new company.

Resale Value Boosted

At the request of Commissioner Davis, J. L. Ralston, Government counsel, made it clear that the assets purchased by British Engineering Ltd. for $1,400,030 were the same physical assets bought by Nurse in 1936 for $250,000.

This purchase price of $1,400,030 was paid by issue of 191,662 vendor shares ($6) totalling $1,149,972 in addition to the $150,000 in bonds and $100,000 in cash paid to the old bondholders.

The shares were delivered to the holding company, Investment Reserves Ltd., in May, 1938. Of the total, 184,162 shares were deposited with the Bank of Montreal in escrow to the Ontario Securities Commission and 7,500 shares were held by the Bank of Toronto and the Royal Bank as collateral for loans to H. A. W. Plaxton. The check up made by the Government auditors on Sept. 15, 1939, showed these banks still holding the same amount of shares.

Beneficial owners of these shares are Major James E. Hahn, who is credited with 107,964; and Cameron, Pointon & Merritt, H. A. W. Plaxton, Gordon Plaxton, J. D. Cameron, E. T. Pointon and Gregory Merritt.

Stock Record Sought

Commissioner Davis asked for the record of the 296 stock certificates involved in order to trace ownership.

"Then we can tell what the real purpose of Investment Reserves Ltd. was," he remarked.

In addition to the vendor shares there is a total of 58,333 shares subscribed for by the Anglo Engineering Co., on the understanding that they would in turn be taken up by James E. Hahn and the firm of Cameron, Pointon & Merritt. The total amount involved at $6 a share is $349,998.

Evidence showed that 33,333 of these shares had been taken up before Sept. 15, 1938, and 3,855 sold to customers and brokers by Cameron, Pointon & Merritt, between June 1 and Sept. 10. A separate company, General Resources Ltd., had been formed to handle the Inglis account.

Sales After Publication

A list of these sales was produced by Mr. Hoult and Commissioner Davis pointed to sales to E. H. Pooler & Co., Toronto, on Aug. 24, Aug. 26 and Sept. 9 and 10. These dates were just before and after the publication (Aug. 25) of the article by Col. George A. Drew which inspired the probe. They suggested to Commissioner Davis transactions in the shares of John Inglis Co. after the appointment of the Commission, a situation which he said he would view very seriously.

As a result, a representative of Pooler & Co. will be called to tell the Commissioner to whom shares were resold.

A statement by Cameron, Pointon & Merritt, which Mr. Hoult said he had been told was prepared for brokers and not widely distributed, gave a short financial history of the John Inglis Co. and an outline of its prospects. It dated operation of the company from 1860 and mentioned the British and Canadian Bren gun contracts.

Commissioner Davis pointed out that it contained no reference to reorganization of the company. Presumably, too he said, it had been written after July 18, 1938, when the British contract had been signed.

"However," he added, "that doesn't necessarily follow."

Interest in Prospectus

The Commissioner asked that a witness be called who could tell him more about this "prospectus."

The Commissioner also asked for more details on the evidence that 1,592 shares had been sold by H. A. W. Plaxton to Cameron, Pointon & Merritt. He wanted these certificates traced.

The travelling expenses paid to Hugh Plaxton, M.P., were included in a special account in the Cameron, Pointon & Merritt books marked "Nurse Special 2." The Commissioner wanted more information on these two items of $500 and $750 and asked for production of the cheques paid to Plexton.

Col. Ralston produced as evidence the Government auditors' statement of the financial set-up of the John Inglis Co. on June 1, 1937. This showed:

JOHN INGLIS CO.
Balance Sheet

	$
Debit:	
Fixed assets	1,500,229
Inventory	9,500
Accounts receivable	20,000
Goodwill	1
Credit:	
Accounts payable	10,000
Reserve for deprec. forward from old co.	119,700
Property purchase account	1,400,300

The auditors noted that the accounts receivable ($20,000) "appeared to anticipate the amount to be received for preliminary investigation costs of the Bren contract."

U. S. Trade Pacts In Final Stage

From Our Own Correspondent

WASHINGTON. — Trade treaty negotiations are now in the final "take it or leave it" stage, The Financial Post is informed. Despite sensational reports from London no material change in the last fortnight is believed to have occurred.

Detailed proposals have been worked out, final minimum ones as far as Washington is concerned, and these are now before the respective governments for approval.

No serious hitch has occurred in the American-Canadian negotiations, it is understood. Owing to the much broader field covered and complications arising from the existing Ottawa agreements, however, development of an American-United Kingdom pact has been a more delicate and tedious matter.

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Germany's Trade Drive

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Europe? I offer you choice of two interpretations.

There is the interpretation of those who have closely studied "Mein Kampf." They will demonstrate to you—if you give them half a chance—that Hitler's real objective is to swallow up these countries, one by one, until he has established political sovereignty—or something approaching it—over all the countries between Germany and the rich fields of the Ukraine which so many people assert are the real objective of all Hitlerite aggression.

As recently as 1936 Hitler said:

"If we had at our disposal the incalculable wealth and stores of raw material in the Ural Mountains and the unending fertile plains of the Ukraine, to be exploited under National Socialist leadership, then we could produce and our German people would swim in plenty."

When I was at Nuremberg there was open an exhibition on "Europe's Destiny in the East" which indicated clearly that Germany was gazing with longing upon the riches of the eastern countries.

Hamburg and Black Sea

Thus the first interpretation of the Drang Nach Osten is that it implies hanging the red swastika pennons of the Third Reich on every public building from Hamburg to the Black Sea. To the comment that this would clash with Hitler's oft-repeated declaration that he wants all the Germans but no one else under the swastika, the reply is made that events may carry Hitler farther than even his dreams. It is pointed out that Germany's trade chiefs, and Germany's philosophers of might do not share Hitler's race doctrines; that they would not object to swallowing Czechs and Slovaks and Magyars and Poles and Russians if it made Germany a stronger nation.

There is another interpretation. It is that Germany has no territorial ambitions in the southeast; that she seeks merely to find markets for her workers and food and raw material supplies for her economy; that her purpose is solely that of economic penetration, the aim being to round out her self-sufficiency programme, making her independent of the vulnerable North Atlantic trade routes.

Ultimate Result the Same

I for one cannot say which is the correct interpretation. But it is only common sense to assume that the ultimate result would be much the same in any event—the economic strengthening of Germany and the attainment by her of the position of undisputed leader of middle Europe.

Mr. Duff Cooper and Mr. Churchill would regard me as naive for saying so, but I cannot bring myself to regard this German trade march down the Danube as necessarily a threat to the peace of the world. I have two reasons for saying this. The first is that any excessive political exploitation by Germany of her growing economic domination of this area must necessarily bring into being a Balkan group of nations that would effectively block Germany's progress and lose for her the economic gains that mean so much. Teutons and Slavs have never driven well in double harness. Only mutual trade benefits can hold them together now.

The second reason is that I regard a nation of prosperous Germans as less a menace to the world than a nation of starved and disillusioned Germans. A prosperous Reich is better for peace than a prostrate Reich. If by trading with one another the Balkan nations and Germany help to contribute to each other's well-being, then we shall have raised the standard of living and the buying power of one of the most important economic areas in the world. That must help all other nations. It must ultimately make Germany and the Balkans better customers for other countries, just as free trade within the United States has created a strong nation that is a prop for the whole world, and Empire preferences have built up a strong British Empire that is the best market of many dozens of smaller nations.

Many German Devices

There are many devices that Germany employs in her trade offensive. She uses credits. Britons were a little disturbed when her own £16 millions credit to Turkey was followed by a large credit from Germany.

She uses trade treaties. She uses clearing agreements. She uses straight barter. She uses "dumping."

The main thing is to get results. Any method that will do that is in favor no matter how unorthodox or even how costly it may be.

The imports into Germany are food, iron ore, oil, wool and other raw materials. The exports are machinery, munitions of war, textiles, glass, china, Nazi pamphlets, books, newspapers and philosophy—even Nazi teachers, planted in small but strategic colonies. Dr. Funk's visit has been followed by the tour of Dr. Ley, leader of the Reich Labor Front.

The clearing agreement is all-important. This is a brilliant device by which two insolvent nations are enabled to trade with one another.

There are many different forms of it. Most important is the arrangement by which the exporters of the two countries are paid for their goods, not in the currency of the importing country (which they would then sell in the ordinary foreign exchange markets), but in the currency of their own country. They are paid by their own central bank which charges up the item in its books. As the sales and payments are made to balance, the two central banks do not have to exchange any currency at all. All the importers will have paid their bills and all the exporters will have received payment for their goods and no exchange transaction has been involved.

Germany has clearing agreements with 30 countries, some of them merely providing machinery for the payment of ordinary commercial debts and not balanced in such a way as to promote Nazi trade expansion. Most of Germany's trade is now done under clearing agreements.

Foxy Dr. Schacht

Germany began to put full steam behind her Balkan drive in the early stages of the Hitler regime when foxy Dr. Schacht made a tour of southeastern Europe. He undertook to buy large quantities of goods from the Danube nations. He offered high prices, by the simple device of agreeing to fix a rate of exchange heavily balanced against Germany. The mark was definitely overvalued.

Badly let down by crisis-worn France and Britain which could ill afford to import their normal requirements, the Balkan nations grasped eagerly at Schacht's bargains. Germany bought freely. Of some commodities she bought more than needed. She dumped the surplus at a loss in other countries. Germany deliberately and cunningly put herself into debt to Hungary, Roumania, Jugoslavia, Bulgaria and Greece.

Then two or three years later these countries found that they had shipped the goods and were not sure of their money.

In 1936 Dr. Schacht went back. He said, in effect, "We're sorry. We owe you about 100 million Reichsmarks and we cannot pay in foreign exchange or gold because we haven't any."

Camera for Every Peasant

In order to get their money the nations concerned rushed to buy German goods, often in excess of their needs. I was told by one Danubian statesman a story that probably is more true in spirit than in fact. He said that Jugoslavia, in her panic and fear that Germany would either default or devalue the Reichsmark, took enough German cameras to provide one for every peasant.

Curiously, out of their unsatisfactory deal with Germany these countries found a workable basis of trading with the Reich. New clearing agreements were arranged and a better balance achieved between import and export. The Balkan gentlemen I just referred to explained it this way:

"Germany laid very heavy pressure on us. Her methods were a little tricky at the start. But nevertheless she does provide a market for our goods. It is better to trade with Germany on her terms than not to be able to trade with anyone."

The result of Germany's economic drive to the southeast is seen in the trade figures.

Here is the percentage of the export trade of the countries to the east of Germany that is done with Germany:

Bulgaria	47%
Hungary	44%
Turkey	39%
Jugoslavia	34%
Greece	29%
Roumania	27%
Czechoslovakia	20%
Poland	19%

Influence Four Times Greater

It is estimated that Germany's economic influence in this area has grown by four times in the last nine years. Who can doubt that it will now expand even farther?

Germany is already the largest customer of every southeastern country except tiny Albania.

Formerly these countries used to buy more from Germany than they sold to her. Now each one has a favorable balance of trade with Germany.

The supplies that Germany is able to derive from the rich Danube area and from Poland help her to round out her programme of self-sufficiency, to give her immunity from blockade. Hungary is a fertile grain-growing territory. Roumania is rich in oil; Jugoslavia in metals. Bulgaria grows most of Germany's tobacco. Turkey can supply cotton and Poland timber, cereals, eggs, etc.

Load on Germans

The trade system by which Germany is entangling these countries in her net represents at the moment a very heavy load upon every German citizen. It denies him the right to buy in the cheapest market. The overvalued mark lowers his standard of living. But most phases of Nazi regimentation lay a heavy burden upon the German worker anyway. A little extra burden to build up a vassal Empire in the southeast is not material, particularly if it points to ultimate profit and an ultimate relaxation of the restrictions of the self-sufficiency programme.

The march easterly runs counter to the traditional current of German trade. Formerly Germany found her best markets in western Europe. With these countries she had an excess of exports and from overseas countries an excess of imports. But Germany is willingly giving up much of her trade across the seas in order to achieve an independence in raw material supplies. Germany realizes that in another war the seas will be closed to her, that she will not be able to bring food and supplies across the Atlantic.

Recognition of this fact was undoubtedly a determining factor in her ready acceptance of a position of naval inferiority to Britain. She knew that no navy that she could support would keep the oceans open to her merchant vessels. That is one reason why she is directing her trade, both in imports and in exports to the areas upon which she would have to rely in the event of a world war.

People Not Enthusiastic

As a sidelight on the self-sufficiency programme it is interesting that the German people are not half so enthusiastic about it as the Nazi leaders. Remembering the privations of the 1914-1918 blockade they vaguely feel that it is a fine thing that Germany may be better off in the next war, but they would like fewer food restrictions.

This was brought home to me after Goering's tub-thumping performance at Nuremberg when he boasted of Germany's immunity to blockade. He gave impressive facts and figures. I know but little German and had to get German friends to translate the speeches for me. After Goering's speech I asked a German friend: "Well, what did he say?"

The answer was illuminating. It showed what a typical German regarded as the most important thing in the whole address.

The reply was, "He said we'd have better bread by Oct. 1."

In Germany I patronized the hotels and restaurants that cater to home trade. I never saw a scrap of white bread. Butter was expensive, costing about 13 cents per portion extra above the regular price of the meal.

Another Canadian businessman who stopped at one of the Berlin hotels that cater to the English and American trade told me he had been served white bread at every meal.

Submarine Eclipsed

There is reason to believe that Germany has abandoned any hopes of terrifying the North Atlantic with submarines if she is again at war. I do not know how many submarines she has. About the first of September five German submarines left Kiel and covered the important trade routes of the Atlantic throughout the crisis. The captain of one of the largest passenger liners admitted that to one or two of his passengers when he had safely landed them at Southampton. But modern devices for detecting and destroying submarines are efficient. The next war will see little submarine piracy.

In giving direction to her trade with countries other than the Balkans, Germany makes use of a device quite different from the clearing agreement. It is a system of organized "dumping" in the form of export subsidies.

I shall tell something about it in my next article.

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Toronto Elevators Reports Heavy Loss

Toronto Elevators reports an operating loss of approximately $228,000 for the year ended July 31 last. This compares with an operating profit the previous year of $392,000 and earnings on a similar scale ever since the company was organized in 1928. Interest of $27,000 paid on the company's funded debt increased the year's loss before depreciation to almost $256,000. Working capital has been reduced from $1,474,000 a year ago to $667,000 as at July 31, 1938.

G. C. Leitch, president of the company, attributes loss to unprecedented conditions prevailing in the grain trade last year. With a new and bigger crop now moving, he states, that these conditions have disappeared.

First Complete Line of Cars Issued by Ford Motor Co.

By STAFF WRITER

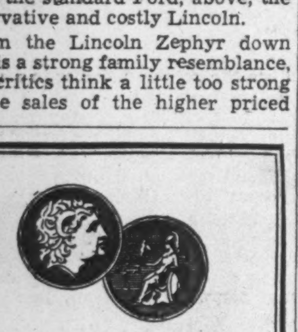
DETROIT. — Having completely overhauled and consolidated its mammoth industrial plant Ford Motor Car Co. now comes out with its first complete line of cars. They are offered in every price class, from low, through medium, to high. The Mercury which made its bow to visiting newspapermen this week, closes the gap between the Deluxe Ford and the Lincoln Zephyr. Below this trio is the standard Ford, above, the conservative and costly Lincoln.

From the Lincoln Zephyr down there is a strong family resemblance, some critics think a little too strong for the sales of the higher priced members of the group. All follow the inverted canoe type nose pioneered by Lincoln Zephyr several years ago. The lowest priced Ford this year closely resembles the Deluxe of 1938. All cars are now equipped with hydraulic brakes and are offered in a very wide range of colors and body styles. All headlights are sunken flush in the centre of the front fenders.

The Mercury, the baby of the Ford line, is naturally attracting the most attention. It is slightly longer, considerably heavier and wider than the Deluxe Ford and has a top travelling speed of about 10 miles an hour faster. In this week's demonstrations both Fords circled the company's track smoothly at about 60 miles an hour while the Mercury seemed to give the same performance at about 70. Although Canadian prices have not yet been announced, it is expected that the Mercury will sell for around $1,250.

Ford's $34 millions expansion plan programme in the Detroit area is now nearing completion. A huge new body plant, and factories for manufacturing glass, and rubber tires are included. Deep channel connection via the Rouge and Detroit Rivers with the Great Lakes is also included.

When the whole programme is completed probably late this fall the Ford company will be able to bring ore, coal and raw rubber in its own boats from its own mines and plantations to its doors. It will be able to fabricate practically everything that goes into its cars, steel, tires, glass, batteries, starters, every part, every gadget. Ford will probably continue to buy some tires, and other parts, but if necessary it will be able to make them. Thus the company will retain absolute control of supplies and will be invulnerable to strikes in supply plants owned by others.



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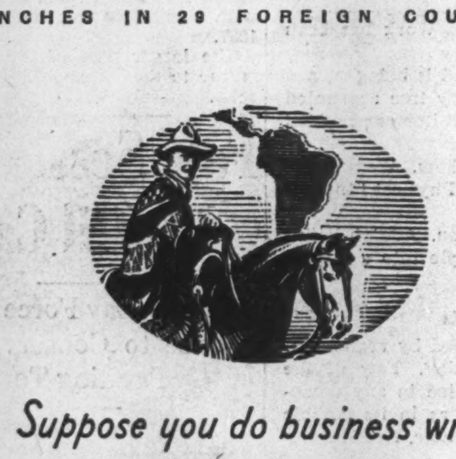
BRANCHES IN 29 FOREIGN COUNTRIES



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General Motors New Cars Slimmer, Closer to Ground

By STAFF WRITER

OSHAWA.—Slimmer yet closer to the ground, characterizes most visible changes in the line of cars which General Motors introduced to the Canadian public this week.

Noses are more pointed, radiator grilles lowered, headlights remain midway between fender and hood. Inside, gearshifts on steering column on de luxe models are now optional or standard on all lines and special corner coil springing has been extended from McLaughlin-Buick to top priced Chevrolet.

Bodies run an inch or two lower but appear very much more so, due to a lifting of body beading and striping. All windows including windshields are from 25 to 50% larger, some of the increase being gained by use of slimmer corner posts.

Detailed prices are not yet available though the press was officially informed on Tuesday that there would be substantial reductions ranging from $25 to over $100.

General Motors officials told The Financial Post that heavier sales are expected in the motor year just beginning. As a result of careful surveys in the domestic and export field schedules of production have been revised four times and in each case upward. Particularly promising prospects are reported in Alberta, as a result of the good wheat crop in that province this year. Early sales have been heavy, especially of trucks. Other provinces where better than last year's sales are expected are Ontario, Quebec and Manitoba and Saskatchewan.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Teck Township, Ont.	Oct.	Harris, MacKeen, Goss & Co.	4%	10-ins.	$82,340	99	4.20%
County of Carleton, Ont.	Oct.	R. A. Daly & Co.	3½%	1939-48	36,900	102.17	3.08%
Revelstoke, B.C.	Oct.	A. E. Ames & Co.	4%	1939-51	39,000	*100	....
Sherbrooke, P.Q.	Oct.	McLeod, Young, Weir & Co.	3½%	1939-58	160,000	100.27	....
Provincial—							
Ontario Treasury	Oct.	Bank of Montreal	...	2-yr.	$10,000,000	....	1.63%
Ontario Debentures	Oct.	Wood, Gundy & Co. and Syndicate	3%	1950	15,000,000	*98.50	3.15%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Manila Gas Corp.	Oct.	W. C. Pitfield & Co.	6%	1945	$830,000	....	....

*Offering price.

The First Telephone

The world's first telephone conversation over any distance was in 1876 when contact was made between Brantford and Paris, Ontario. People wouldn't believe it. Even Alexander Graham Bell at first saw scant possibilities in his own discovery.

Twenty-nine years before this momentous event the Canada Life, then the only Canadian life insurance company, issued its first policy.

For ninety-one years, through war and epidemic, through twelve major depressions, the Canada Life has met its obligations promptly and in full. Among the strongest of co-operative organizations, today its policyholders have well over $800,000,000 of insurance.

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London Calling

by Atticus

Narrow Gap Between Politician and Prelate Noted

Grand Duke Cyril too Human to be a Great Czar

CARDINAL INNITZER

LONDON.—Although the author of these notes is a confirmed Londoner and disinclined to leave the metropolis except on rare occasions, he did make a sentimental journey last Whitsuntide to Vienna, Bucharest and Prague. Looking back on that journey it seems now like a stage just before the curtain rises, with actors assembled but not yet playing their parts.

Vienna at that time was in a fairly grim mood following the emotional debauch of Herr Hitler's entry not long before. The Jews, who were the normal patrons of the opera, the restaurants and the swimming baths, were in hiding. The orchestras in the restaurants played the inevitable "Blue Danube" and "Wien, Wien, mein liebes Wien," over and over again to the deserted tables where waiters stood with that inspissated gloom which is peculiar to men who only stand and wait.

On Whit Sunday, however, the tired city of fading charm came to life once more. Peasants arrived in wagons and in ancient carriages decked with artificial white flowers. Motor cars were also festooned and little girls in long white dresses to their toes looked out with eager eyes at the sunlit world. Like an irrelevant Bolero, one heard the clop clop of marching feet as a company of Geman infantry marched past.

So our wanderings took us past shops proudly proclaiming their lack of Jewish proprietorship or by their silence admitting it. Eventually we reached St. Stephen's Cathedral where great crowds were surging in and out, while the white-flowered carriages and motor cars were lined up outside.

The service was over, but Communion was being administered by a most striking looking priest. It was Cardinal Innitzer, Archibishop of Vienna, who, last week, was besieged by the angry zealots of the Austrian Nazi faith.

* * *

An Arresting Figure

In any costume the Archbishop would have been an arresting figure, but in his Cardinal's robes he stood out like a portrait of one of those priests of the past who combined a passionate religious faith with an intense interest in the state. His features are classically moulded, his fingers are those of an artist, and his slim body gives the suggestion that the pleasures of the table are unknown to him. One could not imagine him smiling, yet he was not severe. As he touched each child with the Sign of the Cross, he was completely impersonal.

When the ceremony was finished, he took his Cardinal's hat from a novitiate, whose shaved head and rough cassock were in strange contrast to his youth. Then he swept out of the Cathedral and crossed the road to the Vicarage. On the way he looked neither to right nor left, but moved like an autocrat whose will was law. When the door closed upon him, one felt that an aristocrat of the church had passed that way.

His life has been a stormy one since the Anschluss. When the plebiscite was to be taken, following the German march into Austria, he urged his flock to vote for the union and ended his plea with the cry of "Heil Hitler!" For that he earned the name of "The Swastika Cardinal" and was supposed to have been sharply reprimanded by the Vatican. His friends contended that he was giving his support to the Nazi cause in order to secure the release of his friend, Dr. Schuschnigg.

Between the politician and the prelate there is often a very narrow dividing line. I have thought more than once that the Archbishop of Canterbury would have been equally at home at Downing Street or Lambeth Palace. It is worth recalling now that Cardinal Innitzer was Minister of Social Welfare in the third Schober Cabinet. Later he held the balance between the austere Dr. Schuschnigg and the dashing Prince Starhemberg. A curious and topical touch is that he was born in German Bohemia.

* * *

Dr. Neubacher

There is one more memory of my visit to that most nostalgic of Europe's capitals. It, too, is recalled by the events of last week end. When the riots took place against the Cardinal, the first official voice to condemn the priest was that of Dr. Neubacher, the Burgomeister of Vienna. In violent and contemptuous language Dr. Neubacher asked why the Cardinal had not shown some sympathy in the past for the victims of the Dollfuss and Schuschnigg tyranny. This violence of language which is so popular in Europe today is a phenomenon which must be studied. I cannot imagine Dr. Neubacher being overbearing or harsh. When I went to see him at his office I found a man of kindly, twinkling eyes and a natural, unforced courtesy which was completely disarming. Yet there was a bitterness, too, when he spoke of poor Schuschnigg. Perhaps that was understandable. Dr. Neubacher had come from prison, where he had been sent by order of Schuschnigg.

However, let us leave Vienna with its cloying waltzes, its magic woods and its haunting memories. Let us, in fact, move for a moment into the antiseptic realm of the British Empire and take a glance at Mr. Oswald Pirow of South Africa, who will be visiting London next month.

* * *

South African Defense

Unfortunately, the shadow of European politics falls athwart us even in that lovely, sunny land of South Africa. In the revolving stage of the European theatre there is a Colonial set not yet in view, but moving toward the footlights. Therefore the position of Mr. Pirow as Minister of Defense is of peculiar interest. For reasons which need no emphasizing, Mr. Pirow is interested in Germany's desire to recover her former colonies, and will, on his arrival in London, discuss all aspects of the problem, political and strategical, with the British Government.

Mr. Pirow is a remarkable man. I do not mean by that that he is particularly colorful (or, to use the abominable word of today "glamorous"), but as an administrator he probably has no superior in the Empire. In turn, he has been responsible for the airlines, harbors and state railways of the Union. He made a success of them all. What is more remarkable, he turned in a surplus each year from the state railways—an achievement that has never been duplicated in any other country. Mr. Pirow's type of mind and his education are Germanic. He possesses an unyielding thoroughness in mastering detail. He possesses a close understanding of German psychology and an open admiration of German thoroughness. Yet the deeper his experience of public service and the longer he studies the needs and future of the Union the more strongly grows his devotion to the British Commonwealth of Nations. It is not sentiment alone. Perhaps it is not sentiment at all. Some people have said that it is a conviction of necessity. We need not worry how a man travels toward truth as long as he arrives there. The fact remains that Mr. Pirow today believes that the safety, happiness and prosperity of South Africa's future lie in the community of British nations.

That, however, does not deter him from trying to develop the most friendly relations between his country and Germany. He has denounced in unmeasured terms those anti-German zealots who have been conducting propaganda within the Union and even urging a boycott of German goods. He believes that snarling at Germany is undignified, useless and foolish. I hope he will come to Westminster and address some of the back-bench bombardiers who hurl their insults at nations they dislike with a recklessness that would win them a decoration for gallantry if it were a war of action instead of words.

* * *

The Late Lord Hawke

In a world that is overweighted with politics we can at least pause for a moment to honor the name of a great sportsman who has passed away. The late Lord Hawke lived for cricket—and who is there to say that such a life needs justification? He felt the sun and the wind on his cheeks when the rest of us were huddled over our tasks. He fought for his county against the assembled hordes of its enemies and made them tremble to their very pads at the very mention of the word "Yorkshire."

GRAND DUKE CYRIL

He routed Lancashire in the same way that his ancestor, Admiral Sir Edward Hawke, defeated the French off Belleishe—by courage, skill and audacity. When he reached the philosopher's state he urged team spirit in games, denounced golf as a selfish obsession and even tried to clear the bowling greens of all men under sixty. In other words, the grand old veteran brought to cricket the qualities of sturdy independence and contempt for the enemy which made us what we are today . . . or at any rate what we were yesterday.

* * *

Grand Duke Cyril

In the death of Grand Duke Cyril, "Emperor of all the Russias," we return again to the all-embracing world of politics. Today those shadow figures in Paris, the Russian emigres, are mourning the passing of the head of the Romanovs. The first epitaph on a man should err on the side of kindliness. Later on the historian can adjust the verdict without the influence of sentiment. But even the flattery of grief cannot discover qualities in the late Grand Duke which would have enabled him to turn back the hands of the clock in Russia. He had culture and courage and enormous physical strength, but his powers as an intriguer were slight and, like the late Czar, his impulsiveness was more pronounced than his strength of character. It was said of the Czar Nicholas that he was a weak man in a strong position at a time of world crisis and that his end was inevitable. One finds a family similarity between the two men. For example, when Kerensky formed his first republican government, Grand Duke Cyril led his troops straight to the Duma and declared himself ready to support the Republic.

For a long time that action was deeply resented by the emigres who had gone down with the old regime. In his defense the Grand Duke claimed that he wanted to support Kerensky as a man of moderate political views and who was willing to carry on the war against Germany. In addition he shared that admirable but unhappy zeal for reform which animated so many of the old aristocracy but which was so seldom translated into action.

In later years from his home in Brittany he launched appeals to the Russian army to overthrow its political masters. He dreamed—but must have known it was not more than a dream. A vivid romantic life of romance, bravery, hardship and disillusionment. He was too human to be a great Czar and his offer to become the ruler of a Soviet Russia showed that he was too much of a Romanov to be an astute politician. So they depart, these mighty ones of the past. It is only a few weeks since his sister-in-law, Queen Marie of Rumania, died. I wonder what the exile of Doorn thinks as he watches the flickering candles go out one by one.

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Laura Secord Earnings Up

Net Profit for Year Amounts to $232,916, as Against $213,562

Laura Secord Candy Shops reports a net profit of $232,916 for the year ended Sept. 30, 1938, as compared with $213,562 in 1937, equivalent to earnings on the 57,500 no par value common shares outstanding of $4.05 and $3.71, respectively.

Total assets increased to $2.4 millions, from $2.2 millions; market value of securities was $60,000 greater than in the previous year; and book value increased to $1.8 million from $1.6 million; reserve for depreciation to $555,893 from $541,-897, and cash decreased to $119,156 from $154,964.

Income and Surplus Account
Years Ended Sept. 30

	1938	1937
	$	$
Net oper. profit	289,548	289,949
Less: Exec. sals.	52,820	51,950
Legal exps.	1,447	1,629
Net earnings	235,281	236,370
Add: Inc. from invest.	62,638	59,383
Prof. fr. sale of invests. & assets ...	1,431	2,056
Int. rec. on mort. ..	130	260
Prof., sale of equip.	......	2,357
Less: Prov. for deprec.	17,564	38,140
Prov. for inc. taxes.	49,000	48,724
Net profit	232,916	213,562
Less appropriations:		
Common divds.	172,500	172,500
Surplus for year	60,416	41,062
Add: Prev. surplus ..	1,243,697	1,202,635
Res. written back ..	86,531	......
Balance forward	1,390,644	1,243,697

Working Capital

	1938	1937
	$	$
Current assets*	2,042,402	1,925,811
Current liabilities	58,203	59,189
Working capital*	1,894,199	1,866,622

*Including bonds at market value of $1.8 million in 1938 and $1.7 million in 1937.

Dunrobin Ltd. Assets To Be Sold by Tender

Premier Trust Co., Toronto, is calling for tenders for the purchase of the assets of Dunrobin Ltd., in bankruptcy. Tenders will be received up to Nov. 7 and the purchase is to be completed not later than Nov. 30, 1938.

The assets being offered for tender, located in Grimsby, are as follows: Approximately 45,000 marketable gallons of manufactured spirits, valued at $57,423; supplies valued at approximately $4,200; plant and equipment valued at $76,504; office furniture and fixtures, $483; land and buildings shown at a book value of approximately $41,065 and subject to two mortgages of $23,500, leaving the net book value of $18,000.

The custodian's report of the company's liabilities showed an excess of liabilities over assets of $3,500. This would apparently leave very little, if anything, for shareholders.

BROKERS SUSPENDED

The registration of E. M. McLean & Co. Ltd., Toronto, as general brokers, was suspended on Oct. 22.

Burry Biscuit Earnings Lower

Sales Pick Up in Last Half of the Year After Slow Start

Burry Biscuit Crop. reports that the last half of the current year has produced volume consistent with former performance. The year got off to a slow start because of the let-down in general business. Consequently profit for the year ended Oct. 31 may be expected to be lower than that of the previous year. It is also expected that earnings will be sufficient to cover preferred dividend requirements for the year.

In 1937 net profit amounted to $121,016, equivalent to earnings per share on the preferred stock of $12.26 and 23 cents a share on the common stock.

The company is planning expansion of its Chicago plant where 25,000 square feet of manufacturing space is being added. This, the third extension to the plant in four years, will be completed about the end of November.

Direct-to-Trade Sales

During the current year the company established its own direct-to-the-trade sales and distribution force in greater Chicago. This was formerly handled by a distributor and since the inception of the company's branch, much headway has been made in this market.

The eastern plant, located at Linden, N.J., is being moved to Elizabeth, N.J. The Linden plant comprises about 55,000 square feet and is considered adequate for the company's present operations. The new plant at Elizabeth comprises about 92,000 square feet of space.

A direct company branch to serve Northern New Jersey has been established in Linden, N.J.

Victoria Debentures Ready For Exchange

The Victoria Debentureholders Committee advises holders of the city's debentures that time for an appeal to the Privy Council to upset the B. C. Court of Appeal's ruling on the refunding act has expired and that the way is now cleared for consummation of the plan.

As there appears to be no challenge to the plan debenture holders are requested to forward their securities for exchange to the Bank of Montreal, Victoria, B.C., with the exception of the certificates of the City of Victoria 4% or 4½% stock, 1962, and debentures bearing a British Government revenue stamp. These must be sent to the Bank of Montreal, 47 Threadneedle Street, London, England.

Debentures should be accompanied by all interest coupons falling due subsequent to June 30, 1938. Unpaid interest to and including June 30, 1938, will be paid in the usual way.

Coal Strike Off Pending Hearing

Matter to go Before Federal Conciliation Board

From Our Own Correspondent

REGINA.—As negotiator in the Estevan soft coal mine strike involving a Canadian Federation of Labor union of the C.I.O. United Mine Workers of America, the provincial government has won its demand for a hearing before a federal conciliation board of the troubles affecting the mine field.

A four-day strike called by the U.M.W.A., the strongest union has been called off pending hearing of complaints. The government suggested a board but the owners preferred a royal commission, because from their point of view the provisions for a conciliation board anticipated only a dispute between employers and employees whereas the difficulties also involved a dispute between two labor organizations.

When the U.M.W.A. announced a general strike, a government statement called attention to the fact it did not look with favor upon the tying up of an industry which is highly seasonal, at commencement of work in that industry. It pointed out that the consuming public far exceeded in number those involved on both sides of the dispute.

The two unions were at a disadvantage along with owners of mines affected by the strike, because some 15 of the smaller mines and the largest producer in the field, a strip mining company, were not involved and were working at high pressure to keep the market supplied.

Acadia Coal Action Stands With Government

From Our Own Correspondent

MONTREAL. — Following representations by a citizens' committee from Thorburn, the Nova Scotia Government announced that it can neither direct the Acadia Coal Co. to undertake immediately, development of the McBean seam at Thorburn, nor can it undertake to cause operations at Acadia No. 3 Colliery there to be continued until the McBean seam was ready for production.

The Thorburn mine was closed down at the end of the water-shipping season, throwing about 160 men out of employment, and indirectly affecting about 1,200 residents of the town who were dependent upon the colliery operations for their livelihood.

Canadian Whisky 5.2% U.S. Total

Survey Reveals Huge Volume of Liquor Industry

Canadian whisky imported into the United States accounted for 5.2% of the total alcoholic beverage consumption in the United States in 1937, according to an analysis by Media Records, Inc.

The survey places total alcoholic beverage consumption at 15.80 gallons per capita, with a wholesale value of $1,420.7 millions, or $11.58 per capita, and a consumer value of $3,602.6 millions, or $29.35 per capita. Of this huge total Canadian imported whisky accounted for 3,436,-900 gallons with a wholesale price of $28.4 millions and a consumer price of $87.8 millions.

Whiskies accounted for 83% of the consumer's liquor dollar of which domestic whiskies were responsible for 67.6%, and imported whiskies 15.4%. Gin accounted for 8.8%, brandy 3.5%, rum 1.9% and other spirits 2.8%.

Foundation Co. Bids Low on Sorel Contract

From Our Own Correspondent

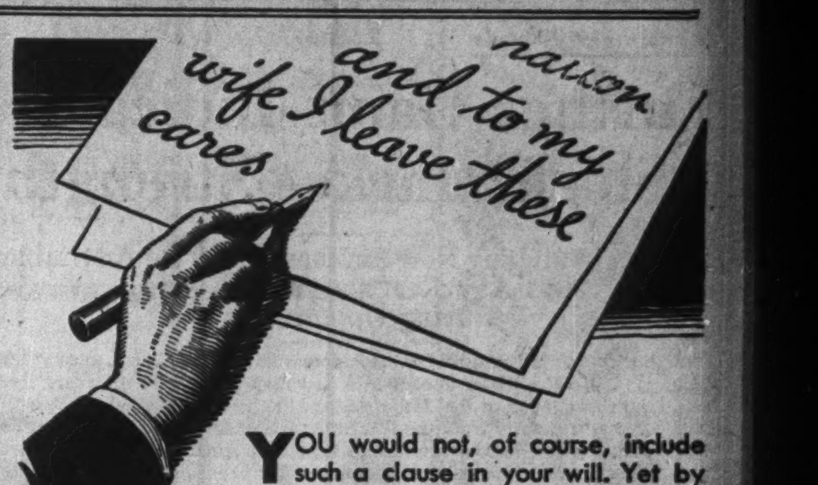
MONTREAL.—Foundation Company of Canada has submitted the lowest bid for the strengthening of the elevator wharf at Sorel, P.Q., with a tender of approximately $170,-000.

The company had recently reported a substantial volume of new business on hand, a considerable part of which consists of work similar to that which will be done on the Sorel wharf, namely, of repair and maintenance work, in addition to engineering and construction work on new plants.

Vancouver Ice Opens Additional Storage Space

Vancouver Ice and Cold Storage Co. has opened a three-story addition to its plant. Total storage space is now 1.1 million cubic feet and the new building, which provides 200,000 additional cubic feet of storage space, has been designed especially for the fruit export business and to handle fish.

The company has $250,000 in 7% cumulative preferred shares, with a similar amount of common stock. Payments have been somewhat irregular since 1931, but the full 7% has been paid for the last two years. Arrears as at the first of 1938 were $21 a share.



YOU would not, of course, include such a clause in your will. Yet by naming your wife to settle and manage your estate, the result may be the same.

It will be far better, for her peace of mind and security, to name this institution as your executor and trustee. We are experienced in the complex matters of estate settlement. Our officers are trained in the problems of property management. These responsibilities, which would probably be strange and troublesome tasks to your wife, comprise our daily business, year in and year out.

We will gladly explain our services as executor and trustee.

Crown Trust Company

J. Ragnar Johnson, *Manager*

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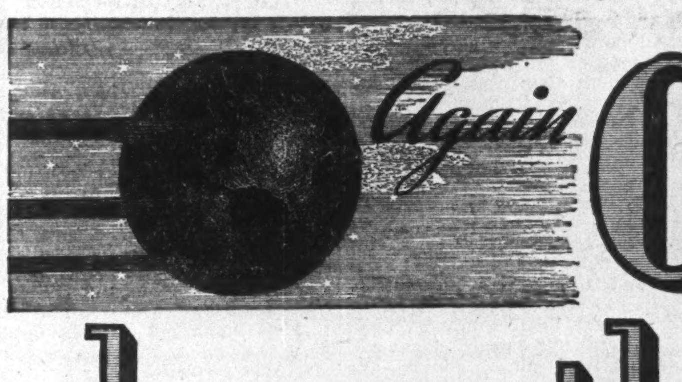
SIMPSON'S—The Store for Men

PRESENTING A NEW BROWN PEBBLE GRAIN 'Hartt' $11

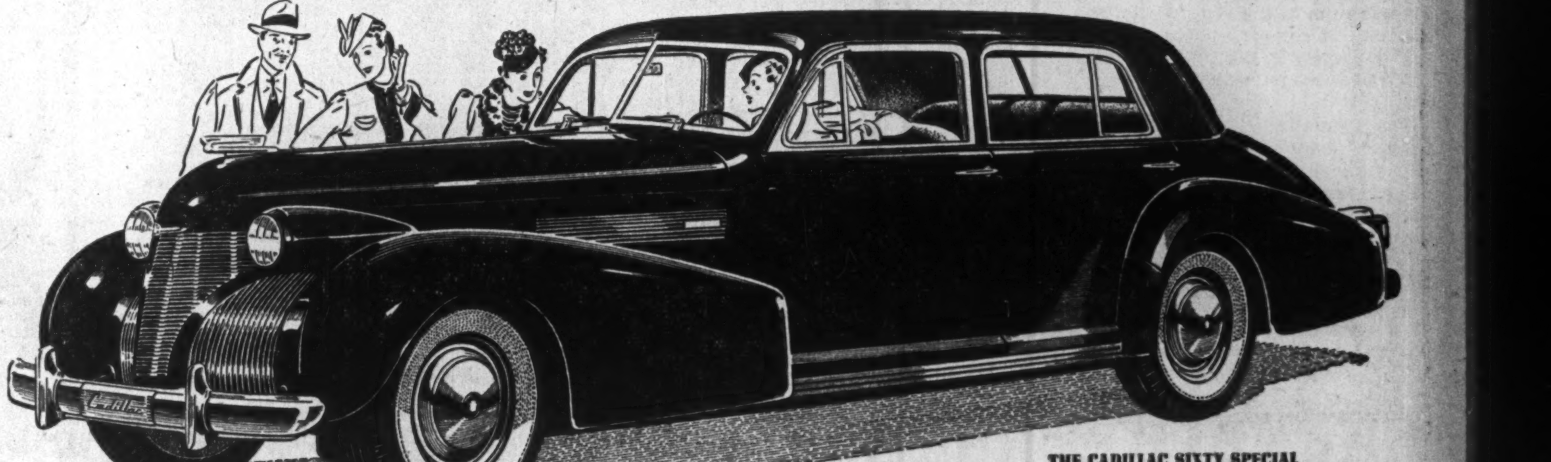
Here's one Simpson suggestion for keeping in step with the current country influence in men's town clothes . . . the new "Ranger" by HARTT. The fine pebble grain leathers were specially imported . . . a rich brown shade that looks equally well with grey, brown, green or blue Fall suits. The last is typically HARTT . . . designed for both sound comfort and unusually good style. Remember, HARTT shoes are exclusive in Toronto with Simpson's. The Store for Men is now showing a wide selection priced from $10 to 11.50, and HARTT dress shoes at 7.50.

"HARTT—Canada's Best Shoe Makers!"

Simpson's



Cadillac shows the world!



THE CADILLAC SIXTY SPECIAL

CADILLAC ANNOUNCEMENTS are invariably the outstanding events of each new automotive year. But there has never been a time when it was so important to visit your dealer's showroom as it is today. The new Cadillacs and LaSalles, now on display, completely sum up all that the world knows of luxurious, personal transportation. They do more. Each presents innovations which point the way to progress for the entire industry . . . and each is offered at a price which sets the value standard for its field. We urge you to see them today!

* * *

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THE LASALLE V-8

THE BRILLIANT NEW LA SALLE represents an almost unbelievable advance in roominess, comfort, luxury and safety. And its Cadillac V-8 engine is the smoothest, quietest and finest performing power plant ever offered in a medium-priced car.

Investment Trends

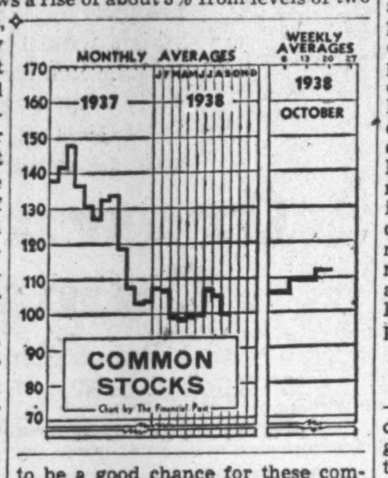
Further Gains Indicate Stock Market Strength

Caution in Making New Purchases May Be Advisable But Any Reaction Would Give Buying Opportunity

Although upward progress of stock prices has slowed down, most stock exchange indices continue to edge into new high ground for the year. The industrial share index of the Toronto Stock Exchange closed on October 25 at 127.27, down slightly from the new 1938 high of 127.31 established on the previous day but still above the former resistance level.

Montreal industrial stock average has so far been unable to break into new high ground for the year but is not far removed from such a step. In New York and other markets the reaction that has been feared still fails to appear. Many commentators feel that with stocks generally above the year's previous high levels some further advance can be expected. It is granted, however, that a reaction, if and when it should come, is likely to be more severe as stocks reach higher, and consequently more vulnerable, levels.

There may not be much reason to think that present stock price levels are too far in advance of near-term earnings prospects. The September business index of The Financial Post shows a rise of about 3% from levels of two months ago. In the United States, business indices are making steady progress upward. Within the past week, steel makers have rescinded the price cuts that formerly prevailed. Whether or not the firmer price level is responsible, the fact remains that steel production in the U. S. is gaining rapidly. A sign of faith in the coming year is seen in the announced expectations of Canadian automobile makers that production of 1939 models should exceed that of 1938 cars.



While a continuation of the current advance in stock prices for another 10 or 12 points in the stock indices would give grounds for some apprehension, it is generally believed that any sizeable reaction might be utilized to pick up stocks. At the same time some caution might be advisable in buying stocks at the moment.

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Wages and Hours

On Oct. 24, 1938, the much-discussed Wages and Hours Bill came into force in the United States. By progressive steps this act aims at setting a minimum wage and a maximum working period for all workers engaged in making products going into interstate commerce.

Without going into any of the details of the regulations of the act, it can be said that initial reports of its workings have mentioned that workers have been laid off on the grounds that employers were unable to pay the wages required. But to the majority of people a 25-cent hourly wage does not seem exorbitant and this attitude has not been adopted by all employers.

A good many Canadian companies are involved in this regulation, including such concerns as British American Oil, Moore Corp., F. N. Burt, International Metal Industries, Hiram Walker, Distillers-Seagrams, International Nickel and others. All of these companies carry on extensive operations in the U. S. Executives who have discussed the act with The Financial Post did not seem unduly disturbed by its possible effect. In fact it was mentioned that one result would be to place all employers on the same footing. The employer who had been paying a fair wage will not find it necessary to change his scale of pay and will be removed from the competition of those who were failing to pay the minimum wage.

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Liquor Stocks Move Up

Shares of the two leading Canadian liquor companies, Distillers Corp.-Seagrams and Hiram Walker-Gooderham and Worts, have been receiving a great deal of attention recently and both stocks have reached new 1938 highs. With net profit equivalent to $8.04 a share, in the year ended August 31, Walkers made a favorable comparison with a year ago in distinct contrast to the majority of companies whose business is largely in the United States. Seagrams is in much the same position.

The favorable attention directed toward these companies seems partly because of their well-maintained earnings in the face of a sharp drop in general business conditions. But it is also partly due to reopening of distilling plants in the United States which were idle during the summer and to the coming of the season of greatest sales. If business in the United States continues to improve, there would seem to be a good chance for these companies to better their earnings in the coming year.

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An Optimistic View

"The longer-range outlook for business and common stock prices is more favorable than it has been for many years," writes E. W. Axe in the New York Annalist. Mr. Axe, an investment counsel in New York, bases his assumption on a changed political outlook in the United States, bringing with it likelihood of changes in the labor situation and a definite and decisive change in the European situation.

Mr. Axe feels that the balance between conservative and radical elements in Congress at the next session is likely to be more nearly even than it has been for a number of years. In the labor field he sees the more conservative labor leaders increasing their power, but admits that any modification may be a slow process.

He concludes, therefore, that the three forces which retarded recovery of American business and brought about the decline of the past year have been weakened.

He mentions that raw material prices have improved substantially, bond prices followed a general upward trend for about six months, inventories have declined substantially and appear at reasonable levels, and common stocks held their ground well during the European crisis. These are all factors which Mr. Axe feel herald the end of the business down-swing. He does point, however, to a possibility that the present recovery may run a little further and be followed by a relapse, but after that a real recovery should set in following a considerable interval.

Banks Not Told Of Brazil's Plans

MONTREAL.—No official word has been received by the Canadian banks as to the Brazilian Government's reported intention to nationalize all the banking institutions in the country. Similar reports were going the rounds about a year ago, but nothing ever came of them. Present interest in the matter arises out of the recent amendment of the Brazilian constitution, which incorporates many of the features of a much earlier constitution which gave the Government power to nationalize all banking institutions. At this time relations between the Canadian branch banks and the Brazilian Government are very friendly

Today's Events Mark Tomorrow's Progress

● Encouraging industrial gains, an increase of nearly 100% in Canada's grain crop, new records in gold and oil production . . . these are some of the factors which indicate that the pendulum of Canadian business is swinging towards a period of greater activity.

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Market Opinions

Students of stock prices in the United States appear to be more impressed each week with the favorable prospects for better prices but British opinion is still quite cautious in this respect.

Barron's, New York (The Trader) —"Whether the comparative stability of stocks that prevailed last week, on top of the rebound from the war scare, is deceptive or denotes the absence of a menacingly heavy speculative position ought to be clear in a week or two.

"For, if a worth-while reaction is in the making, a few air pockets ought soon to make an appearance. Unless symptoms of technical weakness before long occur, then the conclusion must be that a consolidation of the rise, the extent of which may perhaps have been distorted by virtue of the preceding war scare, is taking place in the form of quieter trading and group readjustments.

"For there is no denying that the New Deal economics of scarcity prevail in the stock market. Of the gilt-edged issues there is so small a supply as to eliminate from the price level, for the time being, orthodox relationships to earning power or yield. It is the trend of earnings that is carrying the speculative weight, and, as the weeks draw by, the stronger grows the conviction that greater prosperity lies ahead. There is hardly the remotest danger of a major liquidating movement, since cash is a burden, since bonds at current abnormally low yields are not demonstrably superior to equities and, above all, since there is nothing to liquidate inasmuch as inventory problem has been cleared up."

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Brookmire Counsellor, New York —"Reports from business and industry continue to reflect broad gains, and further fortify the establishment of a longer term uptrend in stock prices. The narrow market movements of the past two weeks accomplished considerable consolidation as evidenced by renewed strength, and the next recession, even though minor, should be utilized to invest any accumulated new cash. Maintenance of invested positions in stocks representing industries with superior recovery prospects should continue to provide especially advantageous participation in recovery."

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The Magazine of Wall Street, New York — "Even though the major trend is unquestionably favorable and even though business activities by the end of this year will have shown an unusually fast advance from the depression low, we have an idea that the last opportunity to buy stocks at generally advantageous levels has not been seen. In short, while we concede that the visible evidence relating to this conclusion is not very positive one way or the other at present, we are of the opinion that a run-away market between now and next spring is improbable."

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The Stock Exchange Gazette, London (Oct. 15) — "Broadly, the stock exchange outlook is: (1) that the gilt-edged market has to rely for support upon the cheap money policy and on the weight of money in the hands of institutional buyers and trustees; for a time it may have to absorb the further sales of fugitive funds; (2) high-grade investments will follow in the wake of the gilt-edged market, being ultimately lifted by the pressure of money; (3) gold shares will remain firm, and the "commodity" shares, which include the base metal companies—copper and tin particularly — will receive support; (4) Wall Street seems to have entered upon an upward movement which will continue for a time. Finally, the investor can take only short views, and should be watchful and ready to secure a good profit."

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The Investors' Chronicle, London (Oct. 15)—"In the circumstances, it is not surprising to find prices, with very few exceptions, drifting down.

"The trouble is that it is so much easier to be pessimistic than optimistic, and during a period of market decline the pessimists are nearly always right! It is certain that general confidence is far from being restored — the institutional buyers refuse to take a view. I obstinately refuse to take the pessimists at their face value, although, as I said last week, the case for optimism is based very largely on intangibles. The strength of Wall Street however, is tangible enough and it is on that market and American recovery that we must pin our main hopes."

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The Annalist, New York — "The technical position of the stock market appears on the whole to be a strong one. After fluctuating for ten weeks in a broad trading range, prices broke decisively through the upper limit of this area, with practically all leading stocks joining in the movement. The advance ran for approximately two weeks, when a period of moderate irregularity developed. The readjustments of the past week, however, do not indicate a serious deterioration of the market's technical position, but are rather to be interpreted as a normal rest following a period of rapid advance. In such an interval it is, of course, normal for some issues to advance and others to decline. Such behavior is not to be interpreted (although it can easily be) as liquidation of some groups under cover of advances in others."

Investment Notes

Recommending stocks — "Security prices in general, subject to normal corrections, should score a good advance," states Duncanson, White & Co., Toronto stock exchange firm, in a recent letter. This firm is recommending specifically stocks of B. A. Oil, Consolidated Paper, Dominion Steel & Coal class B, Fanny Farmer, Ford class A, International Nickel and National Steel Car.

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Foreign Exchange Moves — Immediate effect of any British devaluation would be a higher U. S. gold price in terms of the Canadian dollar, according to C. C. Fields and Co., Toronto stock exchange firm. A recent memorandum refers to the past experience which has shown the Canadian dollar to move roughly in between the pound and the U. S. dollar. A further fall in the pound would result, therefore, in Canadian funds moving to a greater premium in British funds and to a greater discount in relation to the U. S. dollar. The letter concludes that: "U. S. securities would be worth proportionately more in Canadian funds and, hence, U. S. bonds would provide a sound hedge against a drop in the Canadian dollar."

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National Steel Car—Unofficial reports are that operations in the first half of the current fiscal year, to September 30, were on an even better basis than in the previous year. For the year ended June 30, 1938, the company earned $9.21 a share.

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Drummond St. Realty—Johnston & Ward, Montreal, advise that they are maintaining a market around 20 for the 5% mortgage bonds of the company. In the Oct. 22 issue of The Financial Post it was intimated that no quotations on these bonds were available at the time the reference was prepared.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
June	111.8	18.6	84.8	170.0	54.1	156.2	109.2	129.8	61.2	81.0	45.1	100.0
July	129.2	23.1	88.6	177.6	59.4	167.9	120.5	142.6	66.4	84.9	48.6	106.9
Aug.	130.1	21.0	88.3	176.7	59.0	168.5	122.1	139.3	64.3	85.0	47.1	105.2
Sept.	120.6	17.5	78.4	165.0	54.3	162.2	108.8	121.2	57.8	83.4	42.7	98.6
Weekly Figures, 1938:												
Oct. 6	133.2	21.9	83.3	177.5	56.8	168.4	120.3	136.3	63.1	84.5	46.4	105.9
Oct. 13	139.8	23.4	86.8	184.4	56.6	170.0	125.6	141.5	65.0	86.0	47.6	110.0
Oct. 20	142.5	22.7	86.1	184.2	57.6	169.1	133.5	139.2	64.3	86.2	47.1	110.8

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Oct. 25	127.27	122.79	103.25	31.37
Oct. 24	127.31	121.48	102.85	31.35
Oct. 22	127.05	121.75	103.35	31.36
Oct. 21	126.28	121.60	102.02	31.11
Oct. 20	125.96	121.81	101.88	31.10
Oct. 19	126.08	121.04	101.52	31.60
Month ago	101.15	104.83	78.54	25.92
Year ago	126.45	108.60	72.50	32.33
High, 1938	127.31	127.19	103.95	50.85
Low, 1938	97.66	101.86	64.47	25.77

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
Oct. 25	68.5	85.8	80.0	125.15
Oct. 24	68.0	85.9	79.9	125.01
Oct. 22	68.0	85.4	79.6	124.32
Oct. 21	68.2	85.0	79.4	125.68
Oct. 20	68.1	84.1	78.7	124.99
Oct. 19	68.6	85.2	79.7	124.05
Month ago	57.6	66.0	63.2	110.63
Year ago	69.2	75.4	73.3	105.89
High, 1938	69.3	88.2	81.4	130.77
Low, 1938	57.6	61.1	60.5	103.06

FOR SALE BY TENDER
IN THE MATTER OF DUNROBIN LIMITED
In Bankruptcy

Sealed tenders will be received by the undersigned Trustee up to Noon on Monday, the 7th day of November, 1938, for the purchase of the Trustee's equity in the assets of the estate of the above named debtor, located in the Town of Grimsby, as follows:

1. Approximately 45,000 marketable gallons of manufactured spirits in bond, valued as per inventory		$57,422.98
2. Manufacturing supplies, valued at approximately		4,200.00
3. Plant and equipment valued as per inventory		76,504.12
4. Office furniture and fixtures, valued as per inventory		483.50
5. Land and buildings—valued on books of debtor at approximately	$41,500.00	
Subject to two mortgages shown on books of debtor	23,500.00	
Net book value		$18,000.00

Tenderers must bid for the assets above outlined at a price en bloc without any deductions for shorts.

Tenders must be in writing accompanied by a certified cheque for 10% of the purchase price which will be returned if tender not accepted, or applied on the purchase price if tender is accepted, or forfeited if tender accepted and purchase not completed. Tenders shall also be in accordance with and subject to conditions of sale, a copy of which can be obtained from the undersigned. Purchase to be completed not later than November 30, 1938.

It is further to be understood that each tenderer will rely on his own investigation and possibilities of carrying on the business as a going concern and the Trustee shall not be liable for any personal warranty expressed or implied in relation to the assets of the debtor.

Tenderers may apply to the undersigned for details of inventory and the assets may be inspected at Grimsby from 9:00 A.M. to 5:00 P.M. on any business day until tenders close.

The highest or any tender not necessarily accepted.

DATED at Toronto this 21st day of October, 1938.

THE PREMIER TRUST COMPANY,
Trustee of the property of
Dunrobin Limited in Bankruptcy,
15 Richmond Street West,
Toronto 2, Ontario.

Gun Deal Responsibility Assumed by Mackenzie

From Our Own Correspondent

OTTAWA.—Hon. Ian Mackenzie, Minister of National Defence, during two and a half days on the stand at the Bren enquiry here, accepted full responsibility for the Bren gun contract. This previously had been shouldered by his deputy minister, Maj.-Gen. L. R. La Fleche. At the same time he admitted he had not known the details of the contract when it was signed; that he had gone over it "in a general way, not in detail."

The minister shared with Gen. La Fleche ignorance of the names of Maj. J. E. Hahn's associates, frequently referred to during the negotiations leading up to the signing of the contract. Nor did he know at the time that the old John Inglis Co. had been in receivership and had done no business since April, 1936. He further admitted that had such facts been known to him he would have been "impressed."

He repeated his description of Colonel Drew's magazine article as "wild and irresponsible," but when pressed to point out any untrue statement of fact, specifically disputed only one statement made in it.

Woodsworth Questions

I. F. Hellmuth, K.C., counsel for Maclean's Magazine, recalled to the minister the questions of J. S. Woodsworth on the order paper of the House of Commons on June 22, 1938:

"1. Was Major Hahn appointed by the Canadian Government to go to England in 1937 and 1938—?

"2. If so were his expenses paid by the Canadian Government?

"3. What were the terms of Major Hahn's employment?

"4. At what date did Major Hahn cease to be employed by the Canadian Government to advise on munitions and begin negotiating for production by him of Bren machine guns?"

Mr. Mackenzie's answer to the first question had been "No," and to questions 2, 3 and 4: "Answered by one."

The minister told Mr. Hellmuth that he had checked these answers with the Clerk of the House and had been told that they conformed with parliamentary procedure.

Mr. Hellmuth repeated Mr. Woodsworth's fourth question:

"When did Major Hahn cease to be employed by the Canadian Government?"

Mr. Mackenzie: "On Dec. 5, 1936."

Preliminary Expenses

The minister, however, felt that there was nothing surprising in Major Hahn having presented bills for his expenses during 1937 when he had gone to England simply as a "proposed contractor." Very frequently, he said, the British Government paid preliminary expenses of investigation on contracts.

Mr. Hellmuth: "It would not surprise you that legal fees charged during that period were $6,500?"

Mr. Mackenzie: "That is a question that hasn't been before me yet."

Mr. Mackenzie declared it was "absolutely impossible" for a minister to know all the details of such a contract as that with the John Inglis Co.

"I relied on the business experience, integrity and knowledge of some of the ablest men in the public service today," he testified.

Raps Article

Col. Drew's article, he declared, was full of "assumptions, implications, innuendoes and suggestions of impropriety" and as such was "wild and irresponsible."

Pressed by Mr. Hellmuth to specify any facts in the article with which he quarreled Mr. Mackenzie pointed to one paragraph dealing with the old Ross rifle equipment installed in the John Inglis Co. plant. This paragraph read in part:

"This machinery which had been stored at Valcartier . . . is suitable for the manufacture of machine guns, rifles and other small arms and had been intended to use in a government arsenal. It constitutes the bulk of the machinery which will be required for fulfillment of the Canadian and British contracts."

"I say that is definitely untrue," the minister declared. "It does not constitute the bulk of the machinery required."

Further than this the minister admitted he could not, at that moment, point to any other fact in the article which was "untrue or falsely stated."

Ralston Objects

Col. Ralston protested that the minister was being asked to compare the article with all the evidence that had been taken in the past four weeks. Commissioner Davis disagreed.

"Is there any specific statement of fact in the article that is untrue or incorrect, other than the statement about the machinery?" His Lordship asked the witness. "I think that is the question and it is a perfectly simple and proper question."

After perusing the article at length, Mr. Mackenzie said that without further reference he could not answer. He insisted, however, that the analysis of the contract was "unfair" and that "the article consists of inferences and innuendoes unfair to myself."

Mr. Hellmuth drew the minister's attention to the letter written by Major Hahn in London in May, 1937, in which he (Hahn) had stated that the Inglis Co. had been doing business since 1860.

"Did you suppose that Major Hahn had any connection with this company that had been doing business since 1860?" he asked.

Mr. Mackenzie: "I did not know but I accepted the letter in good faith."

"Did you know that it was not until June, 1937, that the right to use the name of John Inglis Co. was acquired by Hahn?"

Mr. Mackenzie: "No, I did not."

Beauharnois Light, Heat and Power Company

5% Second Mortgage Bonds

Due January 1st, 1978

Beauharnois Light, Heat and Power Company owns and operates the Beauharnois hydro-electric development with a present installed capacity of approximately 400,000 h.p. It is controlled by Montreal Light, Heat and Power Consolidated.

Through its strategic location it is in a position to supply the expanding power needs in both the Province of Ontario and Province of Quebec.

Price: 92.50 and interest, yielding 5.46%

Descriptive memorandum forwarded upon request.

Wood, Gundy & Company Limited

Toronto, Winnipeg, Montreal, Ottawa, Vancouver, London, Eng., Hamilton, London, Ont.

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THE Winnipeg Free Press is an important and independent political force, precisely because it is keyed to the demands of serving its whole community. Few newspapers are as free and open to the expression of opinions of those with whom it differs. And its reputation for editorial comment extends far beyond the confines of the city and province which it serves.

The function of a newspaper is to give the news. More than that—to give the whole news without bias; and to offer an intelligent interpretation of the meanings and trends in the day's events. In its own community, the Winnipeg Free Press has maintained a distinctive leadership because it has endeavored to fulfil all these functions with honesty and competence.

How well it has succeeded in meeting the demands of the reader is shown by any comparison of Winnipeg circulation. Over 38,000 families in Greater Winnipeg read the Free Press every day, and the total city and country circulation is more than 61,000.

Winnipeg Free Press

"Western Canada's Greatest Newspaper"

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Montreal Office: 225 Confederation Bldg.

This is under no circumstances to be construed as an offering of these Debentures for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Debentures. The offer is made only by means of the Prospectus. This is published on behalf of only those of the undersigned who are registered dealers in securities in this Province

New Issue

$50,000,000

The Firestone Tire & Rubber Company

Ten-Year 3½% Debentures

Dated October 1, 1938. Due October 1, 1948.

Price 99½% and accrued interest

Copies of the Prospectus may be obtained from only such of the undersigned as are registered dealers in securities in this Province.

Brown Harriman & Co. Incorporated
Otis & Co.
Halsey, Stuart & Co. Inc.
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Lehman Brothers
The First Boston Corporation
Lazard Frères & Co.
Glore, Forgan & Co.
Kidder, Peabody & Co.
Stone & Webster and Blodget Incorporated
Lee Higginson Corporation
Hayden, Stone & Co.
White, Weld & Co.
W. E. Hutton & Co.
F. S. Moseley & Co.
Hayden, Miller and Company

October 26, 1938.

Bond Markets

Bond Markets Absorb Large Issues Readily

Keen Demand For Nova Scotia and Ontario Debentures Demonstrates Underlying Strength—Ontario Financing Regarded as Advantageous

Underlying strength of Canadian bond markets was demonstrated in the past week by the ready absorption of substantial issues of Nova Scotia and Ontario.

The larger issue, $15 millions of 3% bonds of Ontario, due 1950, was offered at 98.50 and interest to yield 3.15%, and the demand from investors, particularly the private buyer, was keen. Institutional demand was said to be less keen, possibly because of the favorable rate obtained by the province and the extended maturity. Proceeds of the flotation will be used for highway purposes.

In November, 1937, Ontario sold a $25 millions issue, $12 millions of which were 3¼% debentures, due Nov. 15, 1951, and offered at 98.50 to yield about 3.38%.

Another feather in the cap for the managers of Ontario's finances is the favorable arrangement with the Bank of Montreal, whereby the institution has taken $10 millions of provincial treasury bonds, a two-year refunding loan which was taken up at a rate reported to be 1.65%.

Gross funded debt reported by the province at Oct. 19, after giving effect to the present financing, amounted to $593 millions. Sinking fund totalled $11 millions. Total debt was $707 millions, in which is included debentures of revenue producing and realizable assets of $234 millions.

For the period from April 1, 1937, to March 31, 1938, a surplus of $4.6 millions was reported, after provision for direct relief.

The 3½% bond issue of Nova Scotia to the amount of $4.6 millions was also quickly taken up. Purpose of this issue is also for highway purposes. Offering price was 100 and interest and the maturity date is Nov. 1, 1950.

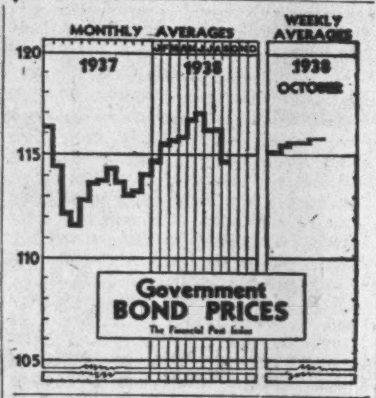
* * *

Interest Widens

Prices for Canadian high-grade bonds continued firm with slight increases and a fair volume of trading.

More speculative issues, particularly paper bonds, failed to follow the upward movement of the stock market. Prices remained at approximately the same levels as those of the previous week, while utility liens were strong.

On American markets the bonds of Saguenay Power Co. series A attracted interest and sold nearly to the high of the year. The company reported a net income of $305,194 for the quarter ended Sept. 30, 1938, as compared with $432,935 for the same quarter in 1937.



A number of municipal issues enlivened the market. County of Carleton sold by tender $36,900 of 3½% debentures on a cost basis of 3.08%. The City of Sherbrooke, Que., sold $160,000 of 3½% serial debentures on a cost basis of 3.47%.

* * *

Financing Volume Down

Comparative monthly flotations statement of A. E. Ames & Co. show that issues brought to the market have declined in the current year to date from the figures shown in 1937 and 1936. Including short-term financing these figures are: 1938, $890 millions; 1937, $986 millions, and 1936, $1,153 millions.

Financial institutions have shown more interest in the short-term market recently and prices have firmed. With the financing of the wheat movement nearing completion, a substantial fund has been released for other uses.

In New York, observers are contemplating prospects of the Dominion of Canada coming to the U. S. market for funds when the $40 millions issue matures on January 1. In 1937 the Government sold $85 millions on this market and it is suggested that long-term bonds would be used to replace the 2% notes. Canadian issues are near to their highs for the year on this market.

* * *

Bond Index

The Financial Post compilation of government bond averages edged slightly upward during the week. Prices were firm on the high-grade market with fair demand.

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1937	Price $	Yield %
Oct. 24	115.98	2.863	Oct. 24	115.39	3.185
Oct. 23	115.93	2.879	Oct. 23	115.39	3.185
Oct. 22	115.77	2.900	Oct. 22	115.39	3.185
Oct. 21	115.56	2.910	Oct. 21	115.36	3.194
Oct. 20	115.57	2.917	Oct. 20	115.70	3.173
Oct. 19	115.52	2.923	Oct. 19	115.50	3.180
Year's	117.21	2.783	Year's	116.81	3.026
Range	111.86	3.389	Range	111.69	3.505

Classified Advertisements

Classified ads. payable in advance. and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. cost 4c. per word

Executive Position Wanted

ADVERTISER EXPERIENCED IN Accounting, Sales Management, Advertising and management of Publishing Business for past ten years, seeks opening with larger opportunities as manager of small business, sales manager, special representative or confidential secretary. Present employers aware of proposed change. Box 27, The Financial Post, Toronto, Ont.

Man Measurement

A CONSULTING SERVICE IS NOW available to employers to aid in measuring abilities of men being considered for employment, promotion or transfer. Enquiries invited. R. R. Buchanan, M.A., Vocational Consultant, 57 Bloor St. West, Toronto, Ont. MIdway 5131.

Attention Manufacturers and Exporters

SALES EXPERT AVAILABLE IMMEDIATELY, thoroughly experienced in sales promotion and supervision in both domestic and export fields; knowledge of Canadian, American and European markets; age 35, university trained, speaks four languages, possesses high-grade references as to both character and ability. Box 29. The Financial Post, Toronto, 2.

Classified Advertisement

Wanted

LOAN ON $92,000 SINGLE PREMIUM paid up Life Insurance, or any part of it at 4% rate. Apply Box 31, The Finan- Box 29, The Financial Post, Toronto, 2.

CANADA STEAMSHIP LINES LTD.
5% 1st Mortgage Bonds Due 2nd January, 1957
We offer these bonds at the market to yield approximately 6.40%.
HANSON BROS. INCORPORATED
Established 1883
255 St. James St. West
MONTREAL
Ottawa Toronto

Ford of Canada Expects Better '39 Production

1938 Earnings Should Exceed $1.75 a Share Although Output Down

From Our Own Correspondent

WINDSOR.—Ford Motor Co. of Canada is expecting production of 1939 models to exceed that for 1938. Higher sales are looked for in both the export and domestic markets. The company is counting on a better year in western Canada.

On October 17 a preview of Ford cars for 1939 was presented in Dearborn, Mich. The line this year includes the "Mercury," introduced for the first time to compete in the medium-priced, $1,200 to $1,500 field. This new car will be made in Canada and the Canadian company expects to obtain a substantial volume of sales from it. It is understood that one reason for manufacturing the Mercury in Canada is to take advantage of an export demand that already exists for a semi-luxury class of automobile. Last year Ford assembled some Lincoln Zephyrs in Canada.

Prices for the Ford line this year have not been announced yet, but small reductions on former models are expected.

Should Earn $1¾ to $2 in '38

Judged from production for the year to date, it would be too much to expect Ford Motor Co. of Canada to reach last year's profit level in 1938. On the other hand it is not likely that any great drop in profits will occur and an early estimate of probable earnings per share ranges from $1.75 to $2 a share on the combined A and B shares. In 1937 the company earned $2.27 a share.

Higher Dividend Doubtful

There has been some agitation for a higher dividend on the shares in recent weeks. A Merkur, Toronto, has sought the support of shareholders in a petition to the company for an increase in the regular quarterly dividend rate from 25 cents a share to 37½ cents.

Apparently chances of obtaining any action of this kind at the moment are not very great. Policy of Ford Motor of Canada has always been to plow back a large proportion of earnings into plant and equipment.

Bond Sales

County of Carleton, Ont.

The County of Carleton, Ont., has awarded $36,900 of 3½% serial debentures maturing in 10 annual installments to R. A. Daly & Co. at a price of 102.17, on a cost basis to the county of 3.07%.

Following is a list of bids:

	Bid
R. A. Daly & Co.	102.17
Dyment, Anderson & Co.	101.78
Cochran, Murray & Co.	101.73
Fairclough & Co.	101.375
Wood, Gundy & Co.	101.28
Frank L. Craig	101.10
Harrison & Co.	101.015
Bell, Gouinlock & Co.	100.79
J. L. Graham & Co.	100.527
Dominion Securities Corp.	99.09
H. C. Monk & Co.	98.16

* * *

City of Sherbrooke, Que.

City of Sherbrooke has sold $160,000 of 3½% debentures, dated Oct. 1, 1938 and maturing Oct. 1, 1939 to 1958 to McLeod, Young, Weir & Co. at 100.27, on a cost basis to the city of 3.47%.

The funds will be used for paving, sidewalks and sewers.

Following is a list of bids received by the city:

Bank of Montreal; A. E. Ames & Co.; McTaggart, Hannaford	100.04
Royal Bank; Dominion Securities Corp.	99.88
Banque Can. Nat.; Savard, Hodgson & Co.; Wood, Gundy & Co.	96.67
Mead & Co.	99.18
Banque Provinciale; Credit Anglo-Francais; Gonthier & Co.	99.07
L. G. Beaubien & Co.; Greenshields & Co.	99.01
Dyment, Anderson & Co.; Cochran, Murray & Co.	98.53
Mills, Spence & Co.	98.05
Bell, Gouinlock & Co.	98.387
Hanson Bros., Inc.	98.27
Barret & Co.	97.27

The man who wears an overcoat tailored from Carr's Celestia is always certain of being smartly dressed. There is but one Celestia—Carr's—woven from the finest Kashmir and choice Australian wool, hand beaten, light, warm, long-wearing. Be sure the Carr label, as well as the manufacturer's name is on the coat you buy and you will be sure that your coat is worth every cent you pay for it. Style also counts and coats made from Celestia are always perfectly styled. Appearance adds to smartness and everyone is immediately conscious of the smart appearance of Celestia. Look for the Carr label before you buy—whether it is Celestia, Elysian, the Melton or Camel Hair. It's your guarantee of smartness, warmth and economy.
Isaac Carr & Co. Limited
Twerton Mills, Bath
WEST OF ENGLAND

England Shows Us Road to National Greatness

(Continued from page 1)

in an atmosphere of peace, the greater strength that can come only from the organization of all the citizens for national service. The free peoples of that democratic state are willing, voluntarily and without bureaucratic tyranny, to set themselves to accept policies that are needed to strengthen the nation and eliminate great wastes, of which unemployment is the most flagrant.

Britain has made up her mind that she must work harder, fight harder and exact greater personal service from her citizens if she is to hold her place in the world. For their part the British people are ready to respond to the call for national service.

Canadians must admire the deliberate manner in which Britain is setting herself to the creation of a unified idea of the greatness of work; and to the task of rebuilding the spirit as well as the material face of the nation.

Canada's Many Unsolved Problems

In Canada, too, there is waste. Waste in the form of idleness among people who would be willing to work if work would be created for them. Waste in the form of appalling railway losses. Waste in the form of jealous extravagances and extravagant jealousies between Dominion and provinces. Waste in the form of social wrongs, bad housing, unorganized farms. Waste in the form of inefficient export methods. Waste in nearly every phase of national life. Waste that weakens our citizens as individuals and Canada as a nation.

Today we have a job to do. We must end the decade of drift and enter a decade of direction. We need a programme for the fulfillment of that job.

Ignoring Mr. Purvis's Programme

The first elements in that programme were drafted for us over a year ago by Arthur B. Purvis, who acted as chairman of our National Employment Commission. His commission proposed specific, helpful plans to increase the employability of jobless men and women; to improve their skill, physique and morale; to put them to work.

Only the barest minimum has been done to carry out these proposals.

Such a frontal attack upon the social waste of unemployment and the physical and moral deterioration of idleness can be only the first step in an effort to achieve national greatness through national efficiency. It would have to be followed by an effort to end waste in other spheres.

Never did the public men of Canada face such a dramatic challenge to their unselfishness and statesmanship.

"We Have Had Our Empire Too Easily"

Out of all the intensely interesting and dramatic experiences I had in my few weeks in Europe and Great Britain, during the crisis, none has left a deeper impression upon me than the picture of the Motherland buckling down to the hard work of making the nation strong in peace as in war.

"We have had our Empire too easily," one of England's great men said to me. "Never, except in time of war, have we really had to make sacrifices to preserve it and to hold our strength. Times have changed. Now we have to work to hold our position. That much the dictatorships have taught us."

Public opinion in Canada can easily be aroused to display the unity and purpose that have emerged out of the shadows in the Motherland. We too can solve our "insoluble" national problems, one by one.

Is Canada ready?

The people are ready. Are our political leaders prepared to accept the challenge?

Debentures of Weston To Be Exchanged Nov. 1

The Weston Debenture Holders' Protective Committee advises debenture holders that old debentures of the town will be exchanged on and after Nov. 1, 1938. The plan of refunding was ratified by the Ontario Municipal Board Aug. 15.

According to the committee's instruction, certificates of deposit should be presented to The Canada Permanent Trust Co. for their deposited debentures. Holders of debentures should present their debentures to the Guaranty Trust Co. of Canada, Toronto. Debentures payable in cash will cease to bear interest on Nov. 7, 1938. Interest coupons falling due after Feb. 15, 1935, must be attached to the old debentures.

McCORMICK'S PLANT MANAGER

McCormick's Ltd. has announced the appointment of F. J. Waud as plant manager. Mr. Waud has been in the company's service for 30 years.

INTER CITY WESTERN BAKERIES LIMITED

NOTICE

To Holders of:

First Mortgage Sinking Fund Gold Bonds, 6½%, Series A;

Certificates of Deposit for such Bonds issued under Deposit Agreement dated 28th July, 1933, between certain holders of such Bonds and the Committee named therein;

6% Cumulative Convertible Preferred Shares;

Common Shares without nominal or par value.

Pursuant to a Compromise or Arrangement agreed to at meetings of holders of the above mentioned securities, sanctioned by the Court of King's Bench for the Province of Manitoba and confirmed by Supplementary Letters Patent dated 9th September, 1938, under The Companies Act, 1934 (Canada), the undertaking and assets, including goodwill, of Inter City Western Bakeries Limited and its subsidiaries have been conveyed to the Purchaser and the cash consideration therefor has been deposited with Montreal Trust Company for distribution under and in accordance with the terms and provisions of the said Compromise or Arrangement, and the above specified securities now entitle holders thereof respectively only to distribution out of such cash consideration as in such Compromise or Arrangement and hereinafter specified.

On application to Montreal Trust Company at its office at either 511 Place d'Armes, Montreal, P.Q., or 61 Yonge Street, Toronto, Ont., and surrender of relative securities as hereinafter specified, Montreal Trust Company will make distribution out of the said cash consideration to holders of the above specified securities as follows:

1. Upon surrender of First Mortgage Sinking Fund Gold Bonds, 6½%, Series A, with coupons due on and after May 1st, 1934, appertaining thereto, a sum equal to 41% of the principal amount of First Mortgage Bonds so surrendered by holders thereof respectively in full satisfaction of all claims for principal of and interest accrued and to accrue on such Bonds and coupons;
2. Upon surrender of Certificates of Deposit for such Bonds above referred to, a sum equal to 41% of the principal amount of First Mortgage Bonds represented by such certificates of deposit so surrendered by holders thereof respectively in full satisfaction of all claims thereunder;
3. Upon surrender of Certificates for 6% Cumulative Convertible Preferred Shares ($10 par value) of the Company (forming part of 31,130 such shares now outstanding), a sum equal to Fifty-one and a quarter cents (51¼c) for each such Cumulative Convertible Preferred Share represented by certificates so surrendered by holders thereof respectively in full satisfaction of all claims for capital and dividends in respect thereof.
4. Upon surrender of Certificates for Common Shares without nominal or par value of the Company (forming part of 15,000 such shares now outstanding), a sum equal to Ten and a quarter cents (10¼c.) for each such Common Share represented by certificates so surrendered by holders thereof respectively in full satisfaction of all claims for capital and dividends in respect thereof.

Holders of any of the above specified securities are requested to present them promptly at either of the offices of the Montreal Trust Company above mentioned. Securities surrendered for purposes of the above mentioned distribution should be accompanied by a transmittal letter, forms of which may be obtained at either of the above mentioned offices of Montreal Trust Company.

DATED AT MONTREAL, this 20th day of October, 1938.

INTER CITY WESTERN BAKERIES LIMITED.
J. A. WELDON,
Assistant Secretary-Treasurer.

Laura Secord Declares Bonus

John D. Hayes Elected President to Succeed Senator O'Connor

John D. Hayes, president of Fanny Farmer Candy Shops Inc. and former vice-president and general manager of Laura Secord Candy Shops, has been appointed president of the latter company to succeed Senator Frank P. O'Connor, who announced his resignation last week.

The company has declared a bonus of $5 a share, payable Nov. 7, 1938 to shareholders of record Oct. 31, as forecast in The Financial Post last week.

A special meeting has been called for Oct. 31, 1938, in Toronto, to consider the by-law providing for the conversion of the 57,500 shares of no par value into 287,500 shares of $3 par value and for the setting up of a capital surplus of $41,964.

The proposed new $3 par shares were posted for trading on the Toronto Stock Exchange on an "if, as and when issued" basis on Oct. 26 with the ticker abbreviation of LKN.

National Biscuit Net Rises in Current Year

National Biscuit Co. had net profit of $3,662,311 in the three months ended Sept. 30, 1938, after depreciation, income taxes and other charges. This is equivalent to 51 cents a share on the common stock after deducting preferred dividends. In the corresponding three months of 1937, the company earned $3.3 millions, equivalent to 46 cents a share.

For the nine months ended Sept. 30, 1938, net profit has amounted to $9.3 millions, equivalent to $1.27 a share, against $8.7 millions, equivalent to $1.18 for the same period of 1937.

Changes Corporate Name

From Our Own Correspondent

MONTREAL.—The firm name of Irving Brennan & Co., investment dealers, of Saint John, N.B., with branch offices at Fredericton, Halifax and Charlottetown, has been changed by supplementary letters patent to F. J. Brennan & Co. Ltd.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Ford Hotel	6%	1947	Nov. 1	101
Prov. Paper, A	†5½%	1952	Nov. 1	100½
Riordon Pulp	‡6%	1942	Dec. 31	105
Mississippi River Power	*5%	1951	Jan. 1	105
Aluminium	▲5%	1948	Jan. 1	103

For sinking fund purposes: †$449,500. ‡$89,900. *152,900. ▲$3,000,000.

Bond Tenders

5 p.m., Nov. 7, Dartmouth, N.S.—$25,600, 3½%, 20-yr. debentures, dated Nov. 1, 1938. W. T. Smith, clerk.

6 p.m., Oct. 31, Drummondville, P.Q.—Two issues totalling $171,500, both dated Aug. 1, 1938, maturing serially over 20 years and bearing 3½% interest. The issues are for $91,000 and $80,500 respectively. Raoul Heroux, treas.

5 p.m., Oct. 31, City of Longueuil, P.Q.—Two issues of $43,300 and $35,400 respectively, dated Oct. 1, 1938, maturing serially Oct. 1, 1939 to Oct. 1, 1963, bearing 4% interest. A marked cheque for 1% of each loan must accompany tenders. Denis Viger, sec.-treas.

4 p.m., Nov. 7, Hull, P.Q.—$237,500 3½ or 4%, dated Nov. 1, 1937; due, 3½% 1939 to 1947; 4% 1939 to 1957; $55,000, 3½ or 4%, dated Nov. 1, 1938; due, 3½% 1939 to 1948; 4% 1939 to 1958. H. Leon Leblanc, clerk.

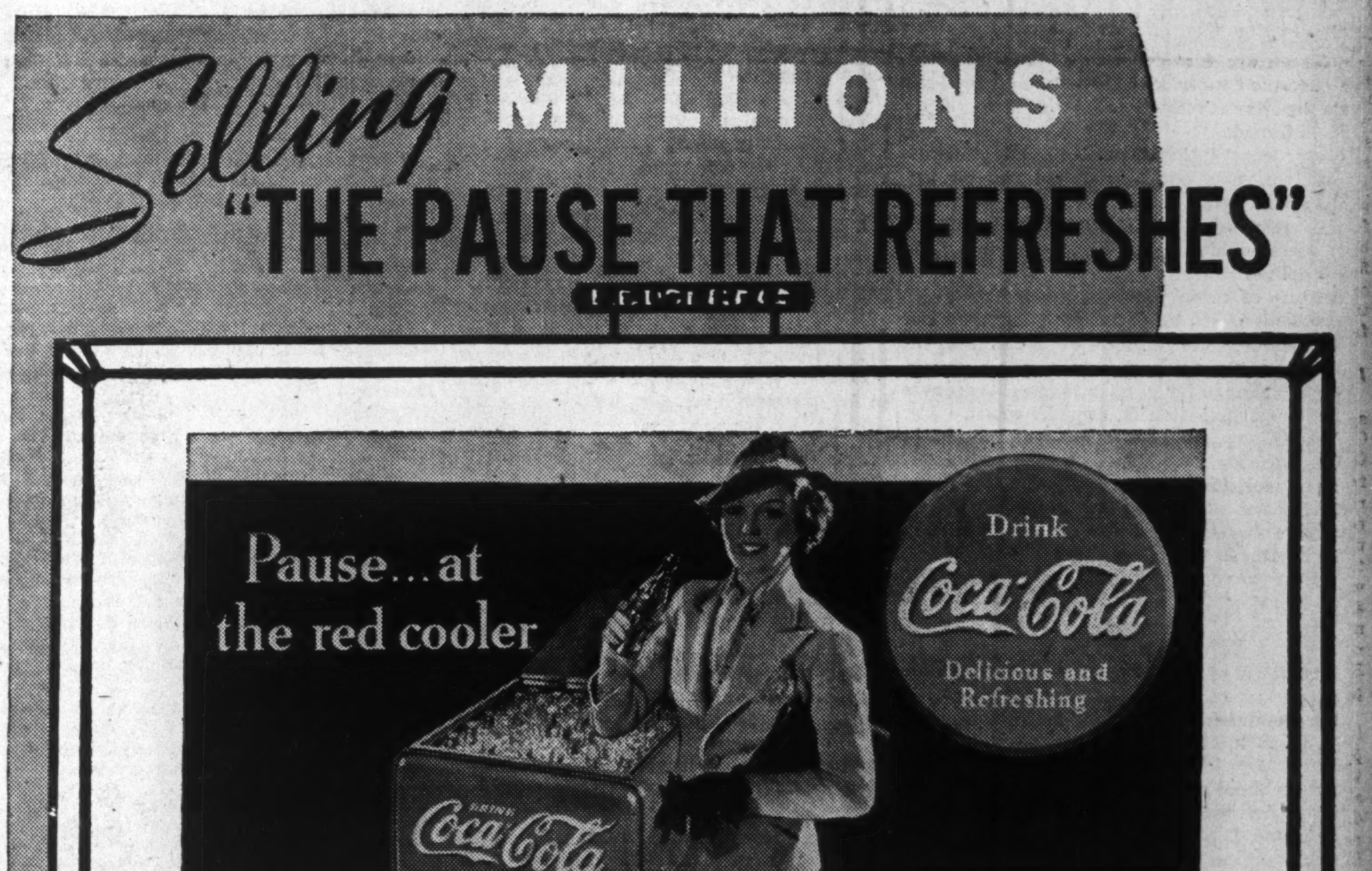
5 p.m., Oct. 26, Forest Hill Village, Ont.—$150,000, 3½% 1 to 20 yr. serial debentures for school purposes.

Don't be content with less than a close, clean FACE-FRESH SHAVE

Get yourself a ROLLS RAZOR
$6.95 AND UP
ROLLS SHAVING BOWLS $1.00, REFILLS 60¢

Dominion Foundries and Steel
LIMITED

Milner, Ross & Co.
MEMBERS THE TORONTO STOCK EXCHANGE



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The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

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The Financial Post Survey of Corporate Securities, Yearly, $2.
The Financial Post Survey of Mines, Yearly, $2.
Directory of Canadian Directors and Officials, $10.
The Financial Post Survey of Canadian Oils, Yearly, $1.
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TORONTO, OCTOBER 29, 1938

The Financial Post's Platform for Canada

Balanced budgets.
A modernized constitution.
Extension of Empire trade.
Integrity in meeting public obligations.

England Shows the Way

OUT of Munich there has come to England a new spirit, a new determination, a new hope.

From the brink of Armageddon has come a realization that only by self-discipline can democracy survive. Achievement in peace and strength in war must be predicated on national discipline. This is the new watchword.

At the moment of disillusionment which followed Munich many Englishmen had an uncomfortable feeling that Hitler had bluffed his way to victory because the democracies were unready to meet him face to face. Since then a new spirit has seized the nation.

People are asking themselves: why cannot democracies organize manpower and resources to achieve the national strength that Nazi regimentation has provided in Germany?

The answer is, of course, that they can achieve this strength if they are willing to pay a price; to voluntarily submit themselves to the discipline which will serve to make the state stronger. This Great Britain is apparently resolved to do.

Had war materialized from the crisis, England would slowly but surely have husbanded her vast latent resources of manpower and materials. The Munich peace is seemingly mobilizing the British people without a "call to arms." There is a new determination to show the world that "trenches of peace" can yet be dug in a democracy.

* * *

We in Canada may well observe and profit by this new mood of the British people.

As Beverley Baxter said in a recent article in Maclean's Magazine:

> "The curse of a dictatorship is that it exalts the State at the expense of human liberty. The danger of democracy is that the State is sacrificed on the altar of individualism."

There are few democracies in the world where the danger of the state being sacrificed on the altar of individualism is so self-evident as in Canada.

Our constitutional problem, our railway problem, relief, our tax and debt problem, the question of graft and corruption in public life, the major issue of national unity itself are matters which cry aloud for national self-discipline.

None of these problems — or any other problems which beset the great Anglo-Saxon democracies are insoluble. Willingness to work for the achievements of peace should be a challenge far greater than preparedness for, or participation in, armed conflict.

In the vanguard of such a movement in Canada should be Canada's Prime Minister.

His most important job—a job which so far he has not adequately attempted—should be to give this country a new vision and faith in its destiny.

If he cannot do this it is time Canada found new leadership elsewhere.

Wheat Must be Sold

IN VIEW of the scanty rains in the eastern sections of the prairie provinces this fall the Dominion Government may be tempted or asked to ease present wheat selling pressure. Any temptation or requests of this nature should be firmly resisted. This country is definitely in the wheat growing business and if we wish to stay in it then we must continuously offer wheat for sale and at competitive world prices.

If we are not prepared to carry this responsibility then there are plenty of growers in the rest of the world eager to take over the task, even if the wheat they will grow is not equal to Canadian quality.

We have had one disastrous experience in withholding wheat. From 1929 until 1935 Canadian elevators were filled to the roof, yet we refused to part with a single bushel except at our own dictated price. Thousands of old and valued customers were antagonized by that policy, thousands of potential customers were turned away. Had Canada continued to offer wheat freely, ruinous surpluses would have been disposed of before they accumulated; low prices would have attracted new users and new buyers. Light crops which followed 1932, relieved of the dead weight of unsold previous yields, would have risen to their proper value.

Until late next June there will be no definite indications of crop yields in western Canada. Good spring rains in themselves are sufficient to produce bumper returns, but even a light harvest piled onto an artificially high carryover next August would desperately aggravate our wheat problem, not help to solve it in the least.

No Canadian citizen likes to see his government buying wheat from the growers at 80 cents and selling it at a 20-cent loss. The nation already stands to lose $50 millions by this economic somersault. But at least we know exactly where we stand and what we lose.

If we put our wheat into storage we only know that we are definitely going out of the business of growing it.

Tomorrow's Leaders

TWO of the most eminent Canadians this country has produced, are now rounding out two decades of public service at the top of their respective professions.

One of these is Prime Minister King who is now serving his twentieth year as leader of the Liberal Party.

The other is Sir Edward W. Beatty who twenty years ago this month was named president of the Canadian Pacific Railway.

Both Mr. King and Sir Edward came from small Ontario towns. Both went through the University of Toronto. Both trained as lawyers. Both have remained bachelors. Both have given unstintingly to leave this country a better place than they found it. Both have made an important contribution to Canada and to their generation.

At once an obvious question presents itself: "Who will replace them?"

When Sir Edward was chosen to succeed Lord Shaughnessy he was but 40 years of age. When Mr. King succeeded Sir Wilfred Laurier, he was 43. Both men took office at the close of the Great War when Canada faced weighty problems of post-war and national adjustment. Both played important parts in attempting to solve these problems.

* * *

Today Canada faces problems of equal if not greater magnitude. Some of these—railways for example—can be traced directly back to the pre-war era. Others—like relief—are of newer vintage, the product of the Great Depression and of a newly-aroused sense of social responsibility. All are problems which must in all likelihood be solved by men of a new generation.

Without in any sense deprecating the contribution made by post-war leaders such as Mr. King and Sir Edward, it must be recognized that there is abroad in this country a growing sense of impatience that national problems are not being given the leadership required to achieve a satisfactory solution. As a constitutionalist, the Prime Minister is perhaps without a peer; as a zealous advocate of what he believes to be the inevitable solution of Canada's railway problem, Sir Edward is head and shoulders above anyone in this country today.

But still the country lacks that spark of inspirational genius which must be forthcoming if our leadership among world nations is to be maintained and continued.

Is it because younger Canadians—tomorrow's leaders—have not been able or willing to force the pace? Is it because the new generation has been content to sit back while older, more sober minds took precedence?

The passage of important milestones is noteworthy, but it raises at the same time, thought-provoking questions as to the sort of leadership this country has a right to expect in the next few years.

Merchandising Tobacco

AT THE present time, Ontario tobacco growers and representatives of the Canadian tobacco manufacturing companies are meeting to decide on the price of the 1938 crop. This is the largest flue-cured crop in Canadian history. It is expected to run well over 60,000,000 pounds — nearly treble the 10-year average.

As a result of policies worked out following the Price Spreads Enquiry of 1935, relationships between growers and manufacturers have been greatly improved. By conference and co-operative effort, a mutual basis of understanding has been attained. Most of the bitterness and distrust which characterized the sale of the crop at this time of year has disappeared.

* * *

But other issues in the marketing and sale of tobacco products still hang fire.

A few weeks ago, Fred A. McGregor, commissioner, Combines Investigation Act, charged that an unlawful price combine exists in the Canadian tobacco industry and that "the suppression of competition which has been effected in this industry is distinctly against the public interest." His investigation followed complaints of certain Alberta distributors against the resale price maintenance policies of Imperial Tobacco Co. of Canada and its subsidiaries.

Replying to these charges, Gray Miller, president of Imperial Tobacco, stated his belief that the "practical benefits to the Canadian economy" were far greater as a result of present company policies than could possibly accrue under laissez-faire distribution. He expressed appreciation of the enquiry and voiced the hope that "the result may bring a better understanding of the practical benefits to be derived from reasonably regulated merchandising practices."

* * *

Since federal reports of alleged combinations in restraint of trade can only be dealt with by provincial legal machinery, nothing more can be done (officially) with Mr. McGregor's report unless or until Alberta or some other province puts the federal findings to a legal test. The issue, therefore, hangs fire.

Does the resale price maintenance plan of Imperial Tobacco merely contravene the Combines Act by a technicality?

To what extent has amity among growers and among the company's selected and controlled channels of distribution been achieved by sacrificing "the public interest?"

If Alberta refuses to resolve the issue in its courts, the company might well take the public into its confidence by full and frank discussion of its merchandising policies. Importance of these policies may be gauged by the fact that sales of tobacco products reach $75 millions annually; 70% of this business is done by the one company. Something of this story was told by the company over two years ago in a series of able institutional messages concerning the company's product and manufacturing operations. Little has been said, however, about the merchandising end of the company's programme.

The better understanding achieved among Canadian tobacco growers suggests that an equally useful job of "public relations" might now be undertaken by the company to inform the millions of tobacco and cigarette smokers who consume its product, in respect of merchandising methods and practices.

Such a campaign would not right wrongs. But it would give the company an opportunity to test the merit of its case before the court of public opinion.

Arthur B. Wood

SOMETHING of the maturity and stability which characterizes the life insurance business in Canada is seen in the fact that Arthur B. Wood, president and managing director of Sun Life Insurance Co. of Canada, is now celebrating completion of forty-five years of continuous association with the company.

Mr. Wood was the son of a country doctor. Born three years after Confederation, in Knowlton, Brome County, Quebec, his ambition to follow his father's footsteps soon clashed with his unusual aptitude for mathematics.

Well-directed advice from his professors, plus the happy chance of an opening in the actuarial department of the Sun Life over forty-five years ago turned him finally from the surgeon's scalpel to the life insurance business. He has been there ever since.

Not only has he seen life insurance on this continent grow from shaky infancy to full-grown maturity but he has been in large measure responsible for the fact that throughout these five decades Sun Life has grown to top-ranking prominence among the great insurance institutions of the world.

But Mr. Wood has done more than that. Around him in Canada, Great Britain and the United States and in the forty or more countries where the company does business, he has built an organization well-fitted by training and capacity to carry forward into the future the best traditions of a great institution. If there ever was a time when Sun Life might be dubbed a "one-man company," that time has passed. The young men trained and developed under the president's guidance include those who can be looked to with confidence when the time comes for them to assume larger responsibilities.

To have grown with the company from early infancy, to have guided it as chief executive through this last most treacherous decade, and to have paved the way for a future rich with promise, is an accomplishment which should give Mr. Wood and Sun Life much cause for congratulation at this time.

Editorials in Brief

Early Announcement of the visit of the King and Queen to Canada will be appreciated by Premier Hepburn. It will give him plenty of time to plan ways and means of avoiding any public appearance with their Majesties where there is a likelihood of the Prime Minister being present also.

* * *

Yes, Canada is still an agricultural country. Witness the recent four-day plowing match near Barrie, Ont., which rolled up an attendance of 130,000.

Spectators not only saw good plowing but they came, saw and bought thousands of dollars worth of new machinery from the $750,000 worth of implements and machinery on display.

Rural Canada is still a mighty strong backbone to Canadian business.

* * *

Thirtieth Anniversary Number of Marketing tells an impressive story of the growth of the advertising business in Canada. It brings into sharp relief the contrast between ethical standardized practices of today and the old callous, haphazard and slipshod methods used in the "good old days."

An equally important lesson to be gleaned from its story of yesteryear is the value of consistency and stick-at-it-iveness as a prime essential for all truly successful advertising.

Sayings of the Week . .

"Often what is art for the goose is not art for the gander."—*Walt Disney.*

"Forget the Midas myth of the mines and stick to tilling the land."—*Bishop Rheaume.*

* * *

"I fear that my suggestion, 'give Germany the Irish Free State,' would not be practical politics."—*Dean Inge.*

* * *

"The thing with which everyone is familiar means most when you are trying to get a laugh."—*Ed. Wynn.*

* * *

"In dictatorships, international friction is planned; in democracies it is permitted."—*J. Vernon McKenzie.*

* * *

"I have never believed that government officials were more stupid than private traders."—*F. E. M. Robinson.*

* * *

"When people are doing well, they have less incentive to change; and change is essential to continue prosperity."—*Charles E. Kettering.*

* * *

"There are two arch enemies of business enterprise. They are public debt and taxation."—*C. L. Burton, president, Robert Simpson Co.*

* * *

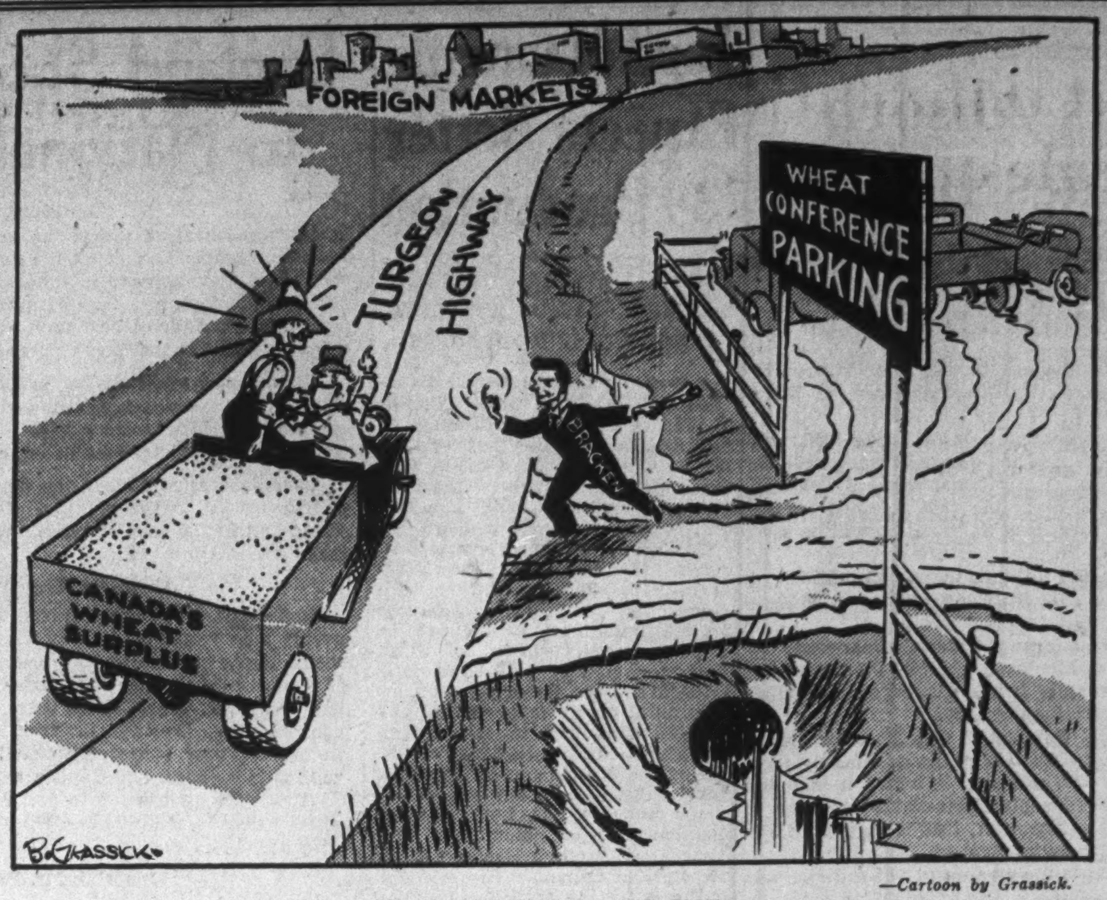
"It's a good idea to take the Bible from the shelf, blow off the dust and read it. There's nothing in the English language to beat it."—*Vulney Irons.*

* * *

"In no country of the world has subdivision of territory into smaller political units been advocated as a cure for present economic difficulties."—*René Morin, general manager, General Trust Co. of Canada.*

* * *

"The four-power pact is not even a diplomatic document. It is certainly not a normal treaty. It is such a fantastic piece of paper that it is difficult to describe except as a hurriedly concocted armistice made in advance of a war to permit the occupation by German troops of a territory which by sheer threat and demonstration of force they have conquered by agreement."—*Dorothy Thompson.*



—*Cartoon by Grassick.*

WHY PARK OUTSIDE THE CITY?

Success Formula

Twenty-five years ago this summer William George Murrin left his job with the London United Tramways in England and went to the Pacific coast where he joined British Columbia Electric Railways as mechanical superintendent.

W. G. MURRIN

Mr. Murrin, who seven years ago rose to the presidency of the company, is one of the outstanding examples of the Old Country man who made good in a hurry in the Canadian West.

* * *

And he places a good deal of the credit for his success on the fact that he knew what he wanted and went after it, refusing to let obstacles discourage him.

"I was reading a magazine article recently, written by a woman who had achieved for herself a very successful position in her own line," said Mr. Murrin a few days ago. "She started business at a time of great prosperity in the United States when there was practically no unemployment, but she wrote; 'And yet it took me six years to find the work that I really wanted to do, and it was another two years before I had the job I really wanted, at a fixed salary.' She advocated thought and effort and patience for those who wish to make progress.

"Young men and women entering business life should realize that the position they are eventually to occupy is a matter of very great importance to them. Whether they eventually attain this position may depend to some extent on circumstances, but in the main it will depend on themselves and the efforts they make."

* * *

Addressing some of his younger employees, Mr. Murrin continued: "I have no doubt that many of you think over what you would like to be and some of you find great difficulty in getting a start at all, but I can assure you that it never has been easy to get a start on the right lines. It is necessary to pay a price in our earlier years if we desire success.

"We must get the idea of what we want to be firmly fixed in our minds and never lose sight of it, and we must be prepared to give time and thought and study to achieve this end, while others may be apparently having an easier time. This may sound a high price to pay, but I do not think we lose anything by it."

* * *

Mr. Murrin is a Londoner by birth. He received his education at Finsbury Technical College. Electrical engineering was always his major interest. He joined the City of London Electric Lighting Company in 1894 and in 1901 joined the London United Tramways, serving as works manager and electrical engineer. He came to British Columbia while George Kidd was president and served under the latter as general superintendent, assistant general manager and vice-president.

He is a director of the Bank of Montreal, Dominion Bridge Co. and several other corporations and finds time to be active in the Little Theatre movement and in tennis association work.

* * *

One-town Banker

In his 23 years with the Bank of Toronto, James L. Carson, a newly-named assistant manager, has worked in only one branch — a rather unique record. Canadian banks usually move their employees around a great deal and most bank executives work in a number of branches before landing in head office.

Not all his banking experience, however, was gained in a single branch of the Bank of Toronto. He already had some experience when he joined the staff of the bank's branch on Montreal's famous St. James St. in 1905. In his native village in Scotland he worked for the Royal Bank of Scotland for four years before emigrating to Canada at the age of 20. Canada was then the land of opportunity but Carson, cautious by nature, had his application for a job accepted before he left his native land. He started at an initial salary of $300 a year.

* * *

During his early years with the bank he had to work overtime in the evenings a great deal. In fact, he sometimes worked three and four nights a week, yet he did not complain. Working nights kept him from spending his money and that, of course, was a virtue to one of Scottish birth.

Asked by The Financial Post why he chose banking as a career he replied he did not have much choice. In his native village in Scotland there were only three things for a young man to do. He could either mine coal, go to work for the brick works or go in for banking. Carson chose the latter as the most attractive and offering the greatest opportunity.

He is a keen Rotarian. He feels Rotary stimulates one's desire to serve his fellow men and society in general. Through Rotary he became interested in boys' work. He is a governor of the Boys' Home of Montreal.

Another active interest has been the Montreal Board of Trade and the Canadian Chamber of Commerce. In 1936 he was president of the Board of Trade.

His hobby is golf. He claims, however, that the greatest mistake he ever made was to teach some of his friends how to play the game. They have been taking money from him ever since.

* * *

Bowmanville Boy

It was in 1900 that B. S. Vanstone, newly appointed assistant general manager of the Bank of Toronto, began his banking career. At the age of 16 he entered the service of the old Ontario Bank in his native town of Bowmanville.

In 1906, about six months before that institution was taken over by the Bank of Montreal, he transferred to the Bank of Toronto.

For a number of years he has occupied important positions on the head office staff in the inspection and supervising departments. For some time prior to his appointment as assistant general manager he had held the position of chief supervisor (eastern branches).

His duties at different times have taken him across the country wherever the branches of the bank are located. In this way he has acquired a first-hand knowledge of business in various sections of the Dominion.

Quiet, unobtrusive, approachable, he is described by his associates as having exceptionally good judgment on all banking matters. Vanstone's opinion is sought and valued by the men that work with him. He knows what cannot be done in sound banking practice but he also knows what can be done.

Devoted to his job he also is fond of sport. He has a creditable golf score but he regards the game as a recreation more than a business. It does not spoil the day for him if he is off his game. Fresh air, exercise and goodfellowship are the essentials in his opinion more than a record score.

* * *

Fighter

A two-fisted fighting executive who likes nothing better than a chance to unravel a complicated business snarl has been appointed general manager of Canadian Collieries (Dunsmuir) Ltd., the big Pacific coast coal mining and distributing organization.

H. R. Plommer, the company's new boss, to serve under J. A. Boyd, of Montreal, the president, has been manager of the Vancouver Island Coals, Ltd., a Canadian Collieries subsidiary. He succeeds the late Colonel C. W. Villiers, who died suddenly last summer.

Identified with the mining industry throughout most of his business career, Mr. Plommer came to British Columbia 27 years ago. After a few years with the Royal Bank of Canada he became sales manager and secretary of the Nicola Valley Coal Company and Middlesboro Collieries at Merritt, B.C.

He transferred his interest to the copper industry for several years when he joined the B. C. Copper Company at Greenwood. For eight years he was purchasing agent for the Copper Mountain operations of the Canada Copper Company before Granby Consolidated Mining & Smelting Company obtained a foothold in that district.

* * *

When Granby began to operate on Vancouver Island with coal properties at Cassidy, Mr. Plommer took charge and remained there until 1930 when he joined Vancouver Island Coals, Ltd., as manager and sales director.

This organization functions as the selling division for Canadian Collieries, so while in that office he obtained a comprehensive grasp of the workings of the entire corporation. During his term of administration the whole sales policy was reorganized and developed under his personal direction.

Mr. Plommer was one of the first to realize the need for effective methods in meeting the competition of new fuels and new heating equipment. He was largely responsible for the introduction on a large scale of automatic coal stokers.

Coal represents British Columbia's oldest industry and in Mr. Plommer it has a champion with new ideas and a personality expected to give it a new lease of life after years of decline.

A Shipper Replies . .

Editor, The Financial Post:

Prior to the receipt of your marked copy of the Oct. 22 issue of The Financial Post, I had noted the editorial with reference to lake freight rates on grain.

In my recent discussion on the subject of maximum freight rates on wheat with the chairman of the Board of Grain Commissioners, E. B. Ramsay, in Ottawa and Winnipeg, I approached the matter from a different viewpoint than that referred to in the second paragraph of your editorial.

Mr. Ramsay insisted, and perhaps properly so, in confining the argument to Clause five of the Inland Freight Rates Act of 1923, with which you are undoubtedly familiar. The two major points of this Clause are: "The opinion of the board" and "the board **may** prescribe such maximum rates as it may consider reasonable."

It was disclosed that "the opinion of the board" was based on the rates prevailing during 1933, 1934, 1935, 1936 and 1937, and also on their ideas of cost of operation of lake steamers.

Canada Steamship Lines contended that if rates charged in former years were to be the basis of the board's opinion, that the rates prevailing since the Act became effective should be given consideration. A tabulation of these rates for the whole period is enclosed. The figures are taken from the records of the Board of Grain Commissioners in Winnipeg.

With regard to operating costs. It was found that while the board had some knowledge, apparently gleaned from the public press, of increases in labor costs during the past two seasons, this knowledge was incomplete and figures were submitted by this company to the board, showing a general increase in operating costs of our grain fleet in 1938 as compared with 1934 of 15%. The principal increases being in labour and marine insurance.

Another matter which the board had apparently overlooked or were entirely unaware of, was the limitation of cargoes imposed on grain carrying ships by reason of the Load Line Regulations which become effective in 1937. These Load Line Regulations arose out of an international convention for the Safety of Life at Sea. They very seriously affect the grain carrying capacity of our upper lake fleet, the reduction being 11.3% from the maximum cargoes allowed in May as compared with those we may load in November.

The outcome of my discussions with the board was a promise to reconsider the matter of maximum rates to be charged during the month of November.

As to the second reference in Clause 5, that the board "**May** prescribe such maximum rates," no reason was given why the ruling was issued. I was very interested to note that there was vigorous opposition on the part of the Grain Shippers of the Winnipeg Grain Exchange to any attempt by the Board of Grain Commissioners to control the rate. The Shippers Committee of the Winnipeg Grain Exchange taking the position that there should at all times be a free market on freight rates.

I am in accord with the spirit of your editorial that control of freight rates on the Great Lakes may be necessary, in which case such regulation should be by the Transport Commission. The records at Ottawa will show that this company has supported the Transport Act both in its original form and in the revised form that was actually passed at the last session of Parliament, with the exception of the Agreed Charges Clause to which we are entirely opposed.

We consider this clause to be dangerous not only to ourselves but also to the railways and the shipping community in general—an opinion in which we seem to be in accord with every representation made to the Senate and Parliamentary Committees considering the clause before its enactment with the exception of the railways.

If, however, regulation of freight rates on wheat is deemed to be necessary then such regulation should be based on figures and information which are exact and up to date in every respect. Our contention in the matter under discussion at present is that neither of these requirements were complied with.

It would I am sure be of interest to you to secure the opinion of the Shippers Committee of the Winnipeg Grain Exchange

Many thanks for the opportunity to convey to you our views on the subject.

T. R. ENDERBY,
Managing Director,
Canada Steamship Lines,
Montreal, P.Q.

The Bren Gun Enquiry

Vancouver Province

The enquiry at Ottawa into the Bren gun contract is still moving in low gear. Enough has developed, however, to justify the investigation and to arouse the disgust of such good friends of the Government as the Winnipeg Free-Press and the Ottawa Citizen.

The enquiry has made it clear at least that it was Ottawa, not the war office, that was really behind the Inglis firm, and that whatever standing Major Hahn had with the war office he secured as a result of representations from the Minister of National Defence, Hon. Ian Mackenzie. It has been brought out, too, that pressure, extending over months, was brought to bear on the war office to get the contract for the Inglis firm, though the Prime Minister had expressed the opinion that a contract should not even be asked for.

All this raises several questions. There is the primary question, of course, as to whether the contract was a good one from the standpoint of Canada. There is the auxiliary question as to why the department went to such lengths to see that the Inglis Co. and no other, got the contract. There is also the question as to why the war office was tied into the deal. The Ottawa Citizen is frankly skeptical about the explanation given, while the Winnipeg Free Press hints broadly that one of the reasons for the twin contracts was to smother investigation.

Everyone agrees that the investigation is in good hands, and that though it is moving slowly, it will get to the bottom of the affair. Meanwhile Mr. Ian Mackenzie's friends in Vancouver are watching the investigation with interest. The minister seems to be triply involved, through his position as head of the department, through his representations to the war office on behalf of Major Hahn, and through his explanation of the contract to the House of Commons last session.

In the Mail . .

Wheat vs. Coal

Editor, The Financial Post:

Your October 1 issue carried a reprint of an editorial recently appearing in the Fort William Times-Journal relative to the Dominion Government's minimum price wheat policy. This makes very interesting reading when one considers that under date of January 6, 1937, the same Times-Journal carried an editorial on the terrible crime that was being perpetrated on the unsuspecting Canadian taxpayer as a result of subventions for Canadian coal. They went to some considerable extent in demonstrating how these subventions had killed the coal trade of Fort William by lessening the amount of American coal shipped to that port.

However, it is gratifying to note that this valuable newspaper, while still unsympathetic towards artificial devices, is nevertheless in accord with the practice of establishing national policies for the protection of primary industries. They are to be congratulated on having awakened to the real implications of protection for our Nationals by giving them work instead of the dole, and this is what will happen when a National Coal Policy for Canada becomes an accomplished fact.

National policies for all primary producers are always desirable in our opinion when the country as a whole is to benefit by their increased production. It is therefore not a question of whose particular ox is being gored, but rather one of developing a policy that will do the most good for the greatest number of people. Such policies, taking the broad view, can only result in a united Canada living under more satisfactory economic conditions than we at present enjoy.

C. P. BURGESS.
Managing Secretary,
Western Canada Fuel Association,
Winnipeg.

Penal Reform

Editor, The Financial Post:

May I take a moment of your time to have you read just what I think about an editorial which appears in this week's Post with reference to prison reform.

I want to congratulate you on this, and I hope that you will not let the matter drop until we have some real honest-to-goodness action. It is a great deal of personal satisfaction to me to know that the articles which I wrote for the Toronto Globe in 1933 were responsible, with the marvellous help of the late Harry Anderson, for the establishment of the commission on penal reform. That commission did excellent work; and the report of more than 400 pages is an admirable report.

The Government really wanted to do something, but were hampered by the leader of the Senate. All this is a matter of history.

I have been waiting to see just exactly what would happen in connection with this very important bit of work, and I am ready at any time to do my part in the furtherance of that which has been very near to my heart these many years.

OSWALD C. J. WITHROW, M.D.
Toronto.

A Rail Plebiscite

Editor, The Financial Post,—

Let me suggest an equitable solution to the serious railway problem which is now confronting the country to the benefit of everyone concerned.

That is to say, for the Dominion Government to permit the holding of a national plebiscite and let the people decide for themselves whether they want amalgamation of the railways or not.

The government of Canada to agree to implement by the necessary legislation provided the people should vote for amalgamation.

This seems to me the most practicable way out of the present impasse as amalgamation of the railways is not a party issue and no political party will take it up. It is much too large and important for that. It should be decided by the people directly concerned.

JOHN U. DOUGLAS.
67 Donald St., Winnipeg.

Stop Me If . .

First Salesman: "I made a lot of friends for the company today."
Second Ditto: "I didn't sell a thing either."

Week in Business

Car Industry Confident Of Bigger Sales Ahead

Much Money Spent on Changes in New Models Now Being Introduced — U. S. Gains Help Canada

Motor car manufacturers this fall are ushering their new models into a business world vastly improved from a year ago. Then practically all indices were pointing downward, except those of unsold new and used cars. About the only hope expressed was that the recession would be over before spring. Now there is a different setting and Ford and General Motors officials at their respective previews this week were genuinely confident regarding the car year now commencing.

They have backed that confidence with substantial styling changes which mean that there have been vast outlays of money for new machinery. Motor car people, it is true, have a reputation for boundless optimism, but in the last ten years they have shown almost uncanny foresight in their real spending splurges. In the first few months of 1933 they brought out radically different cars; longer, sleeker and more powerful. Hundreds of millions of dollars had been spent on new manufacturing machinery.

What at first appeared to be insanity turned out to be excellent business judgment because the tide turned in the late spring of 1933. Now comes another considerable overhauling, particularly in body designing and the motor people are confident that the public is again eager for new cars.

* * * *

After dragging along in neutral all summer Canadian business volume now seems to be getting into gear to follow the upward surge well under way in the United States. The Financial Post Business Index last month showed its best gain this year despite the fact that the war scare occurred in the period covered.

Undoubtedly it was the depression in United States that brought recovery to a standstill in Canada this year. Also undoubtedly it will be the rapid comeback of our big neighbor that will again start us on the forward path. Already newsprint exports in that direction are showing definite signs of improvement, and gains are to be expected, in lumber, base metals, cattle and other products.

Business Indicators

Current Business holding steady at better level than a year ago, D.B.S. index for week of October 15 easing fractionally from revised figure for previous week, but several points above same week in 1937; The Financial Post Business Index for September shows 3% advance over August.

Carloadings maintaining gain of recent weeks, report for week of October 15 showing almost exactly same level as the equivalent week in 1937.

Railway revenue still holding above fall of 1937 and narrowing lag of cumulative income figures for this year; total for week of October 21 shows combined gain of 5%, with C.N.R. gross income up 2% and C.P.R. up 9%.

Foreign trade showing improved trend; total trade of Canada in September slightly less than same month a year ago, but division definitely encouraging in that exports gained 14% while imports dropped off 20%.

Electric power output holding up well to last year's volume, September production showing recession of only 1.8% from same month last year.

Petroleum imports (crude) show striking gain in latest figures, total for September spurting 20% head of September, 1937.

Steel ingot production off 36% in September in comparison with exceptionally high level of operations attained last fall; pig iron production down 34%.

Bond and **life insurance** sales show decline of 5% and 1% respectively for September, compared with an increase in the year-to-year comparison for August.

Raw rubber imports showing decline of 41% in September comparison.

Current trend in Canadian business shown by The Financial Post index of business activity, with new figures for the week marked thus▲.

	Oct. 15	Oct. 8	Oct. 1	Sept. 24	Oct. 16/37
Weekly index, D.B.S.	109.1	109.5	106.3	108.3	106.5
Commodity prices	74.3	74.2	74.5	74.4	84.7
	Sept.	Aug.	July	June	Year Ago
Financial Post index	‡112.9	109.2	109.0	109.6	123.9
Retail trade index no. of sales	....	....	69.6	81.4	74.2
Dept. store sales "	77.0	74.7	75.3	74.3	79.6
Wholesale index no. of sales	....	98.2	90.0	100.1	98.2
Country sales (% of gains)	....	°0.8	°4.2	1.6	13.7
Employment D.B.S. Index—	Sept. 1	Aug. 1	July 1	June 1	Year Ago
All industries	115.5	112.1	113.5	111.9	123.2
Manufacturing	114.4	110.0	111.8	112.3	121.2
Wage earners, No. (000)■	...	....	2.308	2.338	2.470
Living costs¶	$17.41	$17.70	$17.45	$17.43	$17.41

	1938	1937	Jan. 1 to date 1938	Jan. 1 to date 1937
Railways—				
Carloadings, week (Oct. 15)	▲56,769	56,781	1,901,990	2,067,556
C.N.R. gr. earn., wk. (Oct. 21)	$ ▲4,630,298	$ 4,522,175	$ 143,749,708	$ 158,919,468
C.P.R. gr. earn., wk. (Oct. 21)	$ ▲3,646,000	$ 3,296,000	$ 111,689,000	$ 115,029,000
C.P.R. net revenue (August)	$ 491,021	$ 576,613	$ 3,679,387	$ 9,932,228
C.N.R. net revenue (August)	$ 660,248	$ 558,530	$ •5,116,693	$ 8,185,377
Iron and Steel (September)—				
Pig iron production (tons)	▲49,972	76,180	554,845	654,438
Steel ingots and castings prod. (tons)	▲73,556	114,622	911,005	1,077,462
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (August)	4,591	6,344	71,820	92,465
Factory output (Sept.)	4,290	1,926	88,728	117,816
Trucks and Buses:				
Domestic sales* (August)	2,613	2,730	20,265	23,533
Factory output (Sept.)	1,799	2,491	34,978	43,855
Exports (Sept.)	3,460	4,002	47,092	55,418
Financing (August)—				
Used	$ ▲3,188,821	$ 3,179,395	$ 26,335,209	$ 26,325,602
New	$ 2,484,386	$ 3,187,305	$ 25,231,862	$ 31,281,438
Construction—				
Cons. contracts (September)	$ 19,534,900	$ 21,715,000	$ 143,461,700	$ 178,406,900
Cement, bbls. (July)	644,000	836,669	2,811,885	2,936,588
Clay (July)	$ 468,608	$ 542,545	$ 2,032,696	$ 2,247,378
Gypsum, tons (July)	137,554	125,674	474,748	503,090
Agriculture—				
Flour prod., bbls. (August)	1,103,037	1,042,949	7,542,888	8,191,607
Flour exp., (Sept.)	319,739	306,655	2,540,325	3,006,934
Wheat exp., bus. (Sept.)	12,614,858	5,903,060	51,912,889	64,774,751
Cattle sales (Sept.)	▲83,005	125,781	470,981	590,314
Hog sales (Sept.)	▲46,851	73,754	456,714	670,841
Sea Fisheries (August)‡—				
Catch, cwts.	1,503,750	1,534,420	5,571,330	5,663,543
Landed value	3,378,445	3,200,660	12,017,662	12,579,648
Newsprint (tons)—				
Production (Sept.)	231,940	312,220	1,914,660	2,736,050
Exports (Sept.)	195,586	308,654	1,719,318	2,528,468
Mining and Oils—				
Coal prod., tons (August)	992,668	1,241,948	8,714,787	9,425,507
Coal imports, tons (August)	1,463,919	1,776,998	7,930,154	9,918,926
Gold prod., fine oz. (August)	412,135	349,108	3,051,081	2,672,812
Nickel prod., lb. (July)	17,404,131	15,795,714	126,399,272	127,279,412
Copper prod., lb. (July)	49,607,247	41,750,471	341,656,164	285,484,655
Crude pet. prod., bbls. (July)	693,332	244,931	3,612,757	1,307,544
Crude pet. imp. bbls. (Sept.)	▲5,264,600	4,380,400	26,558,632	27,959,063
Electric Power Output (Sept.)—				
Total monthly m.k.w.†	▲2,163,645	2,204,291	18,938,359	20,346,203
Trade—				
Imports (Sept.)	$ ▲56,411,727	70,240,465	505,952,759	593,018,033
Exports (Sept.)	$ ▲108,542,466	$ 95,216,148	$ 689,479,864	$ 834,972,109
Other Industrial Factors—				
Dressed lumber exp.:				
M. bd. ft. (Sept.)	139,448	223,507	1,208,655	1,427,399
Boot & shoe prod., pr. (Aug.)	2,178,202	2,321,489	14,751,827	16,860,233
Cotton, raw, imports, lb. (Aug.)	8,265,000	5,197,000	79,959,000	97,592,000
Raw rubber imp. lb. (Sept.)	▲3,146,645	5,367,536	38,612,585	50,966,814
Cigarette cons. (Aug.) No.†	668,798	663,989	4,539,360	4,374,163
Sugar manufactured, lb.§	96,270,679	91,122,789	567,116,974	526,274,941
Finance—				
Bank debits (August)	$ 2,371,129	$ 2,612,858	$ 19,422,568	$ 23,519,603
Bond sales (Sept.)	$ ▲51,267,239	$ 54,383,706	$ 827,025,500	$ 934,595,071
Life insurance (Sept.)	$ ▲27,442,000	$ 27,730,000	$ 275,613,000	$ 281,297,000

*D.B.S All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Sept. 10, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
¶For average family per week, food, fuel, rent. •Deficit. °Decrease.
■Estimated in employment. ‡Preliminary.

Japs Menace Orient Trade

Canada Faces Big Indirect Loss if Chinese Market Closed

World exporters are becoming increasingly dissatisfied with the present situation in Japanese occupied China. They fear that Japan will follow the same trade policies there that she has already adopted in Manchuria, now a Japanese puppet state. Despite Japan's assurances that legitimate foreign interests will be preserved, John R. Stewart writes in the Far Eastern Survey of the Institute of Pacific Relations that these interests have suffered greatly in territory taken from China.

Discrimination

"The feeling exists," writes Mr. Stewart, "that Japan is using illegal pressure to create monopolies in fact and to discriminate against foreign business. Criticism is becoming more pronounced, particularly from British sources. Much of the western trade and investment in North China has been mobilized by introduction of new currency in North China which, in turn, has stimulated Japanese trade.

"Since the Japanese cannot control foreign banks in the foreign concessions they are limiting the supply of export goods to foreign trading companies and banning exports of furs, hides and skins, hair bristles and wool."

The British American Tobacco Company having made its peace with Japan is facing competition from two new Japanese companies under state control. Recently Japan has introduced American tobacco seed and American growing methods and is reported to be quite successful in the production of a Virginia-type tobacco.

Coming to a Head

The North China Development Company, official Japanese holding company, will begin operations November 1, with exploitation almost entirely earmarked for Japanese interests. Japanese officials state that foreign capital will be sought mainly for long-term credits with equipment in other capital. The situation with regard to western participation, Mr. Stewart believes, will then come to a head. However, it is unlikely, he feels, that the American Government would look with favor on the use of American capital to finance exploitation of conquered Chinese territory. The open door for western interest in conquered Chinese territory may be closing permanently.

Canada Has Stake

Directly Canada is not greatly affected by any changes contemplated as trade between this country and China has not amounted to very much in recent years except possibly in lumber and this Japan can hardly replace. Indirectly, however, serious repercussions are possible. Australia until recently exported large quantities of flour and wheat to China and if this market is to be cut off permanently then presumably other outlets will have to be sought in competition with Canada. Already, in fact, diversion of cheap Australian flour from the Orient to the West Indies has hit the Canadian export flour miller. The same general effect is to be expected following withdrawal of any other country from the Chinese market.

It is anticipated that Japan will try to extract from subjugated China those goods that have formerly been imported from other countries and here again Canada, which exports annually $15 to $20 millions of goods to Japan, may lose trade.

Foreign Business

Trend of business activity in foreign countries is summarized as follows by the United States Department of Commerce:

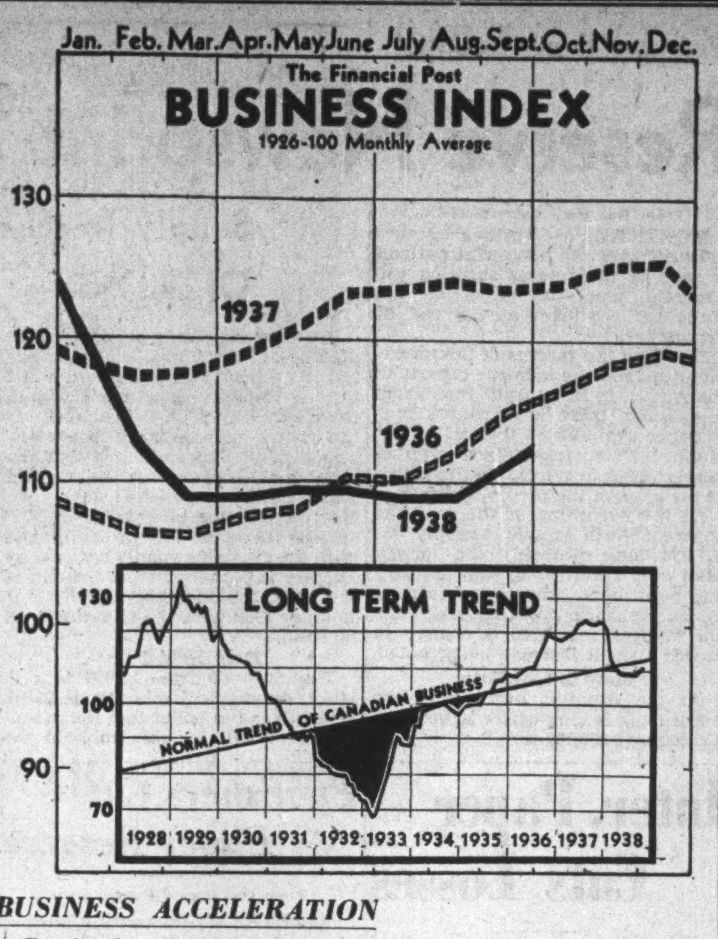
Japan—Sentiment more hopeful since alleviation of the European political situation but no basic improvement in business has occurred; silk business tending to improve, although trading limited to spot transactions.

Hawaiian Islands—Wholesale and retail trading remains satisfactory and for the year is expected to exceed last year by about 8%; new construction in Honolulu has increased, with the emphasis on house building.

China—New Chungking-Kunming highway, about 585 miles long, being used for motor truck traffic, facilitating merchandise movement by truck and railway between Chungking and Haiphong in French Indochina.

South Africa—Business recession believed ended by middle of September and satisfactory trading volume expected, despite low export prices for agricultural products; gold output set a new record in August.

Jugoslavia—Export trade in July much smaller than a year ago and imports declined slightly; in the first 7 months of the year there was a large excess of imports over exports as against an export surplus last year.



BUSINESS ACCELERATION

Despite the effect of the European war threat in the latter part of September on stock prices and other speculative factors, general tempo of Canadian business in that month showed decided quickening. The Financial Post Business Index advanced nearly four points, or over 3%, from the revised August figure of 109.2 to a preliminary provisional level of 112.9.

This still left the index trailing about 9% below the level of September of last year, but this was an improvement in comparison with the similar lag of approximately 12% reflected in August. With the rapid recovery of business activity in October following the abatement of the German-Czech crisis, the result for this month should not be far below operations at this time in 1937.

Offsetting the drops in such factors as stock values, wholesale prices and bond yields, and lifting the general trend upward in September, were upturns in basic factors in Canada's economy. Base metals moved to external markets in larger volume, and exports of copper and nickel were greater than in any other September on record. Improvement was shown in such fundamentals as volume of food production, sugar manufacture and cotton consumption for manufacture.

Perhaps the most striking advance for the month was the jump in petroleum imports, from 132.2 million gallons in August to 184.3 million in September, the latter total being 20% above the same month a year ago. A most encouraging development was the rise in total exports to a total 14% ahead of September, 1937, coupled with an easing of the import figure to 20% under that month.

Major Economic Factors

		Sept., 1938	Sept., 1937	% Change	Aug., 1938
Financial Post business index*		‡112.9	123.9	—8.9	†109.2
Common stocks*		98.6	118.9	—17.1	105.2
Wholesale prices*		74.5	85.0	—12.4	76.0
Capitalized bond yields*		153.1	146.4	+4.6	159.5
Bank deposits*		123.7	120.6	+2.6	122.3
Copper exports	cwt.	495,083	364,890	+35.7	460,864
Nickel exports	cwt.	190,850	186,605	+2.3	150,359
Zinc exports	cwt.	233,853	253,148	—7.6	176,643
Asbestos exports	tons	12,958	18,784	—31.0	12,759
Sugar manufactured	lb.	96,270,679	91,122,789	+5.6	100,705,387
Cheese, factory production	lb.	18,345,735	19,846,550	—7.6	19,849,334
Butter, creamery production	lb.	30,116,180	29,092,478	+3.5	35,346,675
Crude rubber imports	lb.	3,146,645	5,367,536	—41.4	4,104,744
Raw wool & yarn imports	lb.	1,071,221	1,228,323	—12.8	839,870
Newsprint production	tons	231,940	312,351	—25.7	220,303
Planks & boards exported	M. ft.	139,448	223,507	—37.6	147,205
Shingles exported	squares	264,471	251,973	+5.0	276,692
Steel ingots production	L. tons	73,556	114,622	—35.8	82,781
Pig iron production	L. tons	49,972	76,180	—34.4	49,477
Automobile production	No.	6,089	4,417	+37.9	6,452
Petroleum imports	gal.	184,260,000	153,314,000	+20.2	132,190,000
Carloadings	No.	249,594	262,028	—4.7	213,082
Exports	$	108,542,466	95,216,148	+14.0	86,537,952
Imports	$	56,411,727	70,240,465	—19.7	57,026,268

*1926 = 100. ‡Preliminary. †Revised.

Background of Business

Good Apple Crop

Canada's apple crop this year will be slightly larger than in 1937, 5.17 million barrels against 5.14. Decreases are reported in British Columbia but there is a small gain in Ontario and Nova Scotia.

Total yield for Nova Scotia is estimated at 2.4 million barrels compared with 2.25 a year ago. Ontario's expected harvest of 831,000 barrels is about 80,000 ahead of 1937. In British Columbia the yield is estimated at 5.3 million boxes as compared with almost 5.8 million a year ago. A box is equivalent to one-third of a barrel.

Quality this year is generally reported as excellent and harvesting is nearing conclusion under favorable conditions. Both domestic and export prices are averaging about the same as a year ago.

* * *

Canal Traffic Light

Traffic has been lighter on Canadian canals this season notwithstanding recent increased shipments of grain. Less iron ore, and coal and paper has been carried, due largely to decreased business activity in United States.

In September, on the Sault Ste. Marie canal, total freight moved amounted to 6.6 million tons as compared with 12.6 a year ago. Wheat shipments were more than double but there were substantial declines in iron ore going down the lakes to the big steel mills. The shipments dropped from almost ten million tons a year ago to 3.4 for September this season. On the Welland Ship Canal, due mainly to heavy movements of wheat, total traffic increased to 1.8 million tons as compared with 1.6 a year ago. There was an increase of almost 150% in wheat but some declines in iron, steel, paper, wood pulp, soft coal, etc.

St. Lawrence Canal shipping declined from 1.3 million tons in September 1937 to 1.29 tons this fall. Principal drop occurred in soft coal although oil, paper and ore were also down moderately.

* * *

Future Highways

Highways of the future, according to General Motors exhibit now being prepared for the World's Fair in New York next year, will emphasize both high speed and safety. This exhibit shows these traffic lanes skirting cities, boring through mountains Different lanes will accommodate different speeds from 50 to 100 miles per hour, it is implied. Both right and left turns may be made from the slower speed lanes without crossing traffic or reducing speed.

An interesting feature is the proposed lighting. Roads will not be illuminated by the headlights of the cars but by the highway itself. Controlled by photoelectric cells, the lanes will light up for a distance of 400 feet in front of the speeding automobile, turning dark again as the car passes.

* * *

Air Raid Glass

During the recent crisis in Great Britain, a new use developed for Cellophane, which happily is not expected to spread to this country except in modified form. Special rolls of this transparent material were sold to stores, factories and institutions to replace, if necessary, window glass shattered by bomb explosions. This cellophane was of special thickness, ready gummed, and could be applied instantly to keep out weather or gas. Through its use, vitally important factories would be better able to keep in production, moisture spoilage checked and workers freed from the menace of flying glass.

The same material undoubtedly will find a peace-time use in factories that might have windows damaged by near-by explosions or storms.

Saskatchewan Gets Relief Aid

Dominion Government Promises $9 Millions in Loans and Grants

The better crop in Saskatchewan has not solved the relief problem in that province.

Farm income in Saskatchewan is higher than for a number of years. Some farmers have reaped their first crop in eight years. There remains, however, a large number who again had a crop failure. Others did not have a good enough crop to provide for all their needs.

According to an announcement by Premier W. J. Patterson, of Saskatchewan, arrangements have been made with the Federal Government for $9 millions of assistance in the six months ending March 31 next. Half of this amount will be in the form of a grant to the Provincial Government and $4.5 millions in the form of a loan.

The $9 millions will be expended almost entirely in rural areas. It includes the $1.5 million set aside for feed and fodder relief in 36 municipalities where total crop failure prevailed this year. It does not include the $230,000 a month grant for relief assistance in urban municipalities.

Foreign Exchange

Foreign exchanges during the week have moved within a narrow range. The pound sterling has fluctuated around $4.80 in Canadian funds and $4.76 at New York. Canadian dollars likewise have been fairly steady at a discount of around 15/16 of 1% under United States funds.

Armament expenditures by Great Britain and the expectation of an unfavorable trade situation are regarded by some as likely to put further pressure on the pound.

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Oct. 24	1.00 15/16	1.00 15/16
Oct. 22	1.00 31/32	1.00 29/32
Oct. 21	1.01 1/32	1.00 15/16
Oct. 20	1.00 31/32	1.00 31/32
Oct. 19	1.00 31/32	1.00 15/16
Oct. 18	1.00½	1.00 7/32
U. K. Pound	**Closing**	**Last Year**
Oct. 24	4.80½	4.95⅛
Oct. 22	4.80⅜	4.95 3/16
Oct. 21	4.81	4.95 3/16
Oct. 20	4.80½	4.95 3/16
Oct. 19	4.82¾	4.95 7/16
Oct. 18	4.81½	4.95⅝

Other Currencies, Oct. 24

Australia	3.84¾	Italy	.0531
Belgium	.1707	Japan	.2807
Czecho.	.0348	Jugoslavia	.0236
Denmark	.2146	N. Zealand	3.87⅞
France	.0269	Norway	.2415
Germany	.4045	S. Africa	4.79⅞
Greece	.088	Sweden	.2478
Holland	.5489	Switzerland	.2292
Hungary	.1998	Hong Kong	.2988
India	.3601		

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B.C. Pulp Asks Concessions

Ask Bondholders to Defer Interest on General Mortgage

From Our Own Correspondent

MONTREAL.—B. C. Pulp and Paper Co. has called a special meeting of holders of its 7% general mortgage bonds to consider further postponement of interest payments.

The bondholders will be asked to approve the deferment of payments until Nov. 1, 1942. Coupons maturing May 1, 1932 to Nov. 1, 1934, inclusive, and those due Nov. 1, 1935, to May 1, 1937, inclusive, which under a previous agreement, were postponed until Nov. 1, 1940, will be postponed for a further two years, together with coupons maturing Nov. 1, 1938 to May 1, 1942, inclusive.

Interest on the unpaid coupons will be at the rate of 7% annually under the terms of the by-law. The company will have the right to make prepayment from time to time on 30 days' notice.

Interest due on May 1, 1938, on the 7% bonds was paid.

Outlook Has Changed

Since the close of last year conditions affecting the company have undergone a reversal. Returns for 1937 indicated a sharp improvement in earning power with bond interest well covered. Since then the Japanese market has collapsed and the company has found it necessary to close down its plants at Woodfibre and Port Alice, though the former has operated spasmodically.

Prospects for the pulp market continue indefinite and the current move to conserve resources is part of the general plan to maintain working capital until conditions improve.

Fraser Cos. Reopen Victoria Sawmill

From Our Own Correspondent

MONTREAL.—Fraser Companies announce that the Victoria sawmill at Fredericton will operate in 1939 and that logging operations to provide for the run are to begin in the near future. At the same time it was stated that the lumber market is such that a large operation is not warranted and next year's run will be shorter than has been the case in recent years.

OPEN-ROOF CADILLAC

Front seat drivers in the new Cadillacs this year have had another "dimension" added to their vision. With the "Turret Top Sunshine Roof" they are able to see up as well as sideways and forward. This feature in addition to providing open car advantages is expected to prove especially convenient for following outdoor sports. It is optional equipment. Styling changes on the Cadillac are conservative, but the car is more streamlined and is longer, lower, more powerful and equipped with a new rear spring suspension.

Board Industry Holding its Own

From Our Own Correspondent

MONTREAL.—Returns of the rigid insulating board industry for the first nine months of 1938 show that operations have held up well in comparison with those for the same period a year ago.

According to the Dominion Bureau of Statistics output to the end of September last was 36,395,273 sq. ft., as against 39,413,675 sq. ft. for the like period in 1937.

Comparative figures on production follow:

Production (In square feet)

Type:	1938	1937
Panel	27,729,840	27,865,117
Plaster base	3,609,610	5,333,691
Roof	2,865,806	3,212,731
Miscellaneous	2,190,017	3,002,136
Total	36,395,273	39,413,675

Japanese Seek Coast Pulpwood

Negotiations with British Columbia interests for the purchase of 1,200 acres of pulpwood timber on Barkley Sound, B.C., are expected to be concluded shortly with the arrival in Vancouver of representatives of the Karafuto Paper Pulp Co., Tokio.

Plans for handling the timber have not been announced, and in view of exchange difficulties there may be some delay in arranging for early shipments; but the building of a mill by the Japanese is not contemplated at the present time. The pulpwood would probably be shippped across the Pacific in the form of logs.

Japan at present is importing practically no pulp from British Columbia, although some logs have been shipped there. In view of credit restrictions, Japan has limited purchases of pulp except in its own controlled territory—Saghalien, Hokkaido and Manchukuo.

Pulp and Paper Industry

Reserve Newsprint Stocks Move Down

Supply Reaches Lowest Level Of This Year—Further Drop Seen

From Our Own Correspondent

MONTREAL. — Further encouragement over the newsprint outlook is seen in the figures showing the apparent supply of paper on the American continent at the end of September.

Based on the returns of the manufacturers and the member reports to the American Newspaper Publishers Association there were 691,688 tons of paper available at the end of last month. This represents a drop of nearly 28,000 tons from that reported at the close of the previous month.

At the beginning of the year the apparent North American supply was 877,834 tons; probably the largest total ever recorded by the industry and publishers. There was a steady decline in stocks until August when the returns indicated a change in trend; a small increase being noted.

More to Liquidate

As the situation now stands the oversupply is somewhere in between 150,000 and 200,000 tons.

Prospects of getting rid of this surplus before the end of the year are not too encouraging. While the last quarter should witness a fair drop in the reserve tonnage, it is doubtful if the supply will be back to normal. The general expectation is that the surplus will overhang the market into the early months of next year. However, as the months go by this surplus becomes less pressing and with the available supply reduced by another 75,000 tons before the end of the year, the industry will be able to enter 1939 with the situation well in hand.

Help Hold Price

The drop of some 28,000 tons in stocks during September lends added strength to the belief that the manufacturers will be able to hold the price of $50 a ton. So far there has been no official notification of the 1939 schedule, but some announcement may be forthcoming any day now.

The belief has strengthened and is now largely taken for granted that the price schedule will remain unchanged. Of course, there are still possibilities of last minute changes or developments which might upset plans for next year. However, prospects point to a continuation of price.

Uncertainty Exists

Considerable uncertainty exists because of the lack of definite word on next year's prices. Last year the price was announced early in the year, a mistake which is not likely to be repeated.

It is just possible that Great Northern and other independents in the States will be the first to come out with the new schedule. Reports are that this operator is under contract obligation to announce its price before the end of the month. That being the case, it is likely that the Canadian manufacturers are waiting to see what Great Northern will do before finally committing themselves as to price on next year's deliveries.

Westminster Paper Head Marks 50 Years in Trade

From Our Own Correspondent

MONTREAL.—J. J. Herb, president of the Westminster Paper Co. last week celebrated the 50th anniversary of his entering the paper manufacturing business.

Newsprint Exports Well Below Last Year's Return

MONTREAL.—Exports of newsprint paper from Canada last month totalled 3,911,722 cwt., valued at $8,523,555, compared with 6,173,095 cwt. worth $11,303,766 in the same month last year, according to a report issued by the Dominion Bureau of Statistics, a decrease of 27.3% in value.

Inter. Paper Cuts Losses

Still in Red But Smaller Deficit Expected in Past Quarter

From Our Own Correspondent

MONTREAL. — Advance reports are that International Paper Co. interim statement for the third quarter will reveal a relatively sharp improvement in earnings. Expectations are that the statement for the three months ended September 30 will show a loss in the neighborhood of that shown in the first quarter, namely, $124,935.

For the second quarter of 1938 International reported a loss of $576,181 to bring the six months net loss up to $701,116. With the addition of the loss that accrued in the third quarter the total loss for the year up to September should run between $800,000 and $900,000.

Latest reports show the paper industry, aside from newsprint and paperboard, operating at approximately 83% of capacity the highest rate this year with paperboard operations at 70% of capacity.

Newsprint volume this year has been sharply under that of 1937.

Newsprint sales showed some improvement in September, although for entire quarter sales are understood to have been about 20% under like 1937 period.

Publishers Cut Paper Reserve

From Our Own Correspondent

MONTREAL.—Reporting members of the American Newspaper Publishers' Association had 45 days supply of newsprint on hand at the close of September.

This is the lowest supply reported at any time during the current year and compares with a high of 75 days supply at the beginning of the year.

Mersey Paper Power Enlarged

Government Builds Unit to Take Care of Plant Expansion

From Our Own Correspondent

MONTREAL.—Nova Scotia Power Commission has completed and put into operation the Cowie Falls development of the Mersey System. Some 10,000 h.p. additional is made available by this new unit. This is in accordance with the power contract made with Mersey Paper Co. in which the Government agreed to provide more power in the event of expansion of the company's initial plant capacity.

So far there has been no indication by officials of Mersey Paper of an extension of the present two-machine unit. For more than a year past there has been talk of a further machine being installed at the Liverpool plant, but official confirmation has been lacking.

Operate at Capacity

The two-machine mill has been operating at capacity practically ever since it went into operation a few years ago. Currently operations are well above the average for the industry as a whole. However, the demand for paper has not shown any material rise for some months; in fact, is well below the rate in effect last year. There is a surplus of newsprint capacity in the Canadian industry. This may hold up any expansion plans which Mersey Paper has under contemplation.

In the meantime the completion of the additional power unit places Mersey Paper Co. in a position where it can go ahead with the installation of one or more machines as soon as the time is opportune.

Gamble for Charity

(Continued from page 1)

for free or nominal-rate hospital service.

The last published report of the Hospitals Commission, which allots sweepstake funds to various institutions and supervises expenditure, voices considerable concern over this problem. It says:

"In the Commission's first general report . . . it was pointed out that there was a general impression that the hospitals had been provided by the sweepstakes with sufficient funds to meet all their requirements, and that there was no longer any necessity for them to solicit aid from charitably minded people, or even require payment from patients in a position to contribute.

"Financial returns from the hospitals . . . reveal a far more disquieting fact in regard to hospital maintenance, and show that the reduction in certain sources of income is accompanied by an unprecedented increase in hospital expenditure . . . The increase in expenditure naturally caused increased deficits."

This adverse effect of the sweepstakes might have been offset if the hospitals got a larger cut of the proceeds, but the tremendous deductions for expenses have precluded that. It may be said, of course, that the total returns from the sweepstakes (and the net for the hospitals) would have been far smaller had it not been for the amounts spent to bring in the stream of dollars. And to cope with anti-lottery, customs and postal laws in the chief sweepstake markets (United States, Canada and the British Isles), it has been necessary to spend lavishly for agents' commissions, bribes, and a glittering publicity build-up.

High Selling Cost

Apparently reliable figures, in recently published revelations of a sweepstakes agent, indicate that regional distributors and local agents get 84 cents for every $2.50 ticket sold, or one third of gross revenue from sales to buyers. In addition to commissions, sellers are eligible for special prizes, ranging from $125 to $5,000, on tickets sold to subsequent winners in the sweepstake. The total paid out in sellers' prizes ranges from $250,000 to $300,000 for every sweepstake.

Payments to agents and distributors are the largest single item of sweepstake expense. But before the proceeds for prize money and the hospitals are made available, there is another substantial deduction for general operating expenses and the return to the promoters. These general expenses include the cost of printing, numbering and mailing tickets; receiving and mixing counterfoils; handling funds, staging the elaborate pageants by which drawings are made; tabulating results, publicity—and, of course, the promoters' cut of about $300,000 per sweepstake.

The general expense plus promoters' return from the Derby sweepstake in June was announced at 12½% of the "proceeds" available for prize money and the hospitals. As nearly as can be calculated, this 12½% amounted to $1.5 million. As the sweepstake operators employ as many as 3,000 to 4,000 people in the period preceding a draw, it is not surprising that the operating cost is so high.

Expenses 40%

Combining the announced percentage of expenses with the reported proportion going to agents, it is evident that the relation of all expenses (selling and general) to the gross revenue is close to 40%. The official report of the operators on net proceeds paid out to last June, together with a conservative estimate of the results of this week's payoff, show that in eight years the sweepstakes have paid $65 millions to the hospitals and $215 millions in prize money, or a total of $280 millions.

If this is what was left after deduction of 40% for expenses, it appears that the gross revenue from operation of the sweepstakes has attained the staggering total of $465 millions. Allowing for especially high expenses on some sweepstakes, an estimate of $475 millions would not seem exaggerated.

It is perhaps only reasonable that the Irish Government should derive some benefit (in addition to support of public hospitals) from this breathtaking flood of dollars. But it is a little ironical that the Government's cut is taken out of what ostensibly is the share allotted to the hospitals.

Government's Cut

The regulations governing the sweepstakes stipulate that of the net proceeds of each operation, 75% goes to prize winners and 25% to the hospitals. But the published figures of the last sweepstake in June show that the 25% allotted to the hospitals was diminished before it reached the hospitals fund, by deduction of about $700,000 for "stamp duty under the Finance Acts."

Four different bodies are concerned with the sweepstakes. General supervision over their operation is exercised by the Hospitals Committee, under the chairmanship of Viscount Powerscourt. The funds are administered and paid out through the National Hospital Trustees, headed by the Earl of Fingall. The Hospitals Commission directs the allotment of funds to specific institutions in accordance with their needs, and supervises expenditures.

But the core of the sweepstake wonder is Hospitals Trust Ltd., in which the moving spirit is burly Joseph McGrath. In this concern is vested actual management and operation of the sweepstakes.

Associated in the venture with Mr. McGrath, a former Sinn Feiner and Irish politician, is Capt. Sidney Freeman, of the famous English betting firm and chain bookmaking system known as "Duggie." Other leading lights include Jack O'Sheehan, director of publicity.

Freeman is designated as "technical adviser" to the sweepstake set-up, but usually appears in New York before each sweep to buy in tickets held on horses likely to win a race. Almost invariably he is able to buy full or partial interest in potential claims to $150,000, $75,000 or $50,000, for amount ranging from $5,000 to $20,000. A persuasive talker, he is able to convince ticket holders that it is better to make sure of a substantial amount than to risk being out of the money and getting only the ordinary "horse ticket" prize of $2,000 to $2,500.

Take of $30 Millions

The revenue from an individual sweep reached its record peak with the sweep on the Derby in 1932, when gross sales totalled $30 millions. Of this the prize winners drew back $14 millions and the hospitals got nearly $4 millions. The take tapered off from then on until it hit a low of $12.5 millions (gross) in 1935. Since then the receipts have edged upward and tended to settle down on a fairly consistent basis.

A good deal depends, however, on how well the sweepstake operators can retain their tremendous market in the United States, their chief source of revenue. In drawing their annual take from the United States, the operators have to combat customs and postal officials, and a horde of racketeers who flood the country with fake tickets.

Keeping in mind that the 12 to 16 prize units are allocated in accordance with volume of sales in different territories, the prize payments indicate that on many sweeps the revenue from the United States is substantially more than 50% of the total. In the Derby draw last June, for instance, 23 out of 42 winners of first, second and third prizes lived in the United States. The following tabulation gives an approximate idea of where the money for the June draw came from:

Residence Analysis
Irish Sweep Prizewinners
(June, 1938, Draw)

Residents of:	1st prizes	2nd prizes	3rd prizes	Total
United States	5	11	7	23
British Isles	5	2	3	10
Canada	1	0	2	3
Ireland	1	1	1	3
Other countries	2	0	1	3
				42

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B. A. Oil

Will you please describe the operations of B. A. Oil and its earning power?

British American Oil is the second largest unit in the refining and marketing of petroleum products in Canada. Last year the company set a new high record in volume of sales, and profits from the operations in Canada were also on a new record level. Earnings per share from Canadian operations were $1.30 in 1937 and 95 cents a share in 1936. Dividends from U.S. subsidiaries where the company has substantial interests in the production of crude oil, amounted to 15 cents a share for 1937 and 36 cents a share in 1936.

The company is also interested in the production of crude oil in Turner Valley, Alberta, and has under construction a new refinery in Calgary. The current dividend rate of $1 a share annually on the company's stock appears to be well secured by earnings, while its financial position appears adequate.

Outlook for Canadian operations of the company continue promising, and it is understood that sales for the current year compare favorably with those of 1937. The company's United States subsidiaries, however, cannot be expected to produce greater earnings than last year without the investment of considerable more capital. So far this year position in the U.S. oil fields has improved.

Lambton Loan

Would you summarize briefly the position of Lambton Loan & Investment Co.?

The Lambton Loan & Investment Co., established in 1844, is the oldest mortgage company in Canada. Head office is at Sarnia, Ont. The company controls the Lambton Trust Co.

Total assets at the end of 1937 amounted to $4.2 millions. All the company's mortgages cover properties in Ontario, with the majority in Lambton county. Most of the company's securities are bonds of the Dominion, Ontario and Canadian municipalities.

Net profit was slightly lower in the year ended Dec. 31, 1937, amounting to $2.63 a share on the $50 par value stock, as against $2.80 in 1936. Annual dividends of $2 a share were again paid. After transfer of an unstated amount to investment reserve, a surplus of $30,777 was carried forward. Although the company has suffered from depressed conditions in the mortgage lending field in recent years and has had to take over larger amounts of properties, it has had the advantage of confining its operations to one of the better districts of Canada.

F. N. Burt

Will you kindly give me a report on F. N. Burt Co.?

F. N. Burt Company makes paper boxes and containers of various kinds with the major portion of its business carried on in the United States. It has plants at Buffalo and Toronto.

A sharp decline in business, particularly in the United States, in the last half of 1937 resulted in a lower net profit and earnings per share on the common of $1.59 compared with $1.77 in the previous year.

When this decline was accelerated in the early months of 1938, the company reduced its dividend rate from 50 cents a share quarterly to 30 cents. We are informed, however, that there is every reason to believe that the company will be able to maintain the present annual rate of $1.20 a share on its common.

The company was quick to feel an improved sentiment and business volume in the summer of this year in company with the rise that took place in the stock market. It is the last half of the year which ordinarily gives the greater volume of sales.

Business of companies making containers such as F. N. Burt is subject to direct fluctuation with actual volume of business being done at any time. The company has a strong financial position with a working capital of $1.3 million at the end of 1937 of which cash of $207,465 was more than total current liabilities. F. N. Burt has a substantial investment in Moore Corporation. This was shown in the 1937 balance sheet of $443,878 but had a market value at the end of the year of $1.3 million. Management of the two companies is closely allied.

Victoria Trust

I would appreciate information on Victoria Trust and Savings Co.

The Victoria Trust and Savings Co., Lindsay, Ont., was incorporated in 1887 under the Ontario Buildings Securities Act and later received trust company powers.

In the year ended Dec. 31, 1937, the company showed net profits equal to $6.19 a share, as compared with $6.84 in 1936. This was after deduction of federal income tax reserves, amounting to $4,500 in 1937 and $7,000 in the previous year. Dividends of $6 a share were again paid, leaving a balance of $17,264 carried forward.

Total assets at Dec. 31, 1937, were $9.8 millions, representing a gain from $9.3 millions at the end of 1936.

Under debt adjustment plans, the company wrote off $16,000 of interest owned by Saskatchewan debtors, which had been previously charged and counted as assets. This amount was paid entirely out of 1937 profits accounting for the reduction in earnings from the previous year.

Over 83% of total mortgage loans are in Ontario, more than 75% being on urban property, chiefly Toronto and the balance on farm mortgages.

Investment certificates amounted to $5.3 millions in 1937, and trust deposits, $1.5 million. These were secured by liquid assets, mortgage and interest and net capital account assets, which total $8.5 millions.

Landed Banking

I would appreciate information on Landed Banking and Loan Co.

The Landed Banking and Loan Co., Hamilton, Ont., was incorporated in 1876, and carries on the business of making loans on first mortgage securities and operates deposit and debenture accounts.

Approximately 75% of the company's assets consist of mortgages or mortgage interests. About 28% of liabilities are in the form of deposit accounts, 17% in short-term debentures, and the remaining 55% comprise the shareholders' equity.

Total assets amounted to $3.5 millions at Dec. 31, 1937, comprised of mortgages (principal and interest), $2.6 millions; cash and bonds, $536,923, etc. Liability to public totals $1.6 million; paid-up capital, $1 million, and reserves, $880,236.

The company's mortgages are placed in Ontario and Manitoba. Improvement in collections of principal and interest was noticed during 1937, particularly in Manitoba. Like other mortgage companies, this concern has suffered from mortgage legislation of the past few years, from difficulty of making collections and a lack of demand for loans from satisfactory borrowers.

Net profit of $66,462 was earned in 1937, as compared with $68,230 in 1936 and $68,199 in 1935.

Canadian debentures outstanding at Dec. 31, 1937, amounted to $490,548; sterling debentures at $99,913 and accrued interest, $6,034. Saving deposits totalled $993,845.

Inter. Metal Industries

We are considering the purchase of series A preference shares of International Metal Industries and would appreciate information on the company.

Sales of International Metal Industries during the first quarter of this year were 32% lower than the corresponding period of last year but still 21% above 1936. Although figures are not available it is indicated that second quarter results, while lower than in 1937, compare favorably with the same period two years ago.

Last year International Metal Industries experienced considerable improvement in profit, earnings per share on the combined preference and series A preference stock being $13.39 a share in 1937 as against $7.77 in 1936.

Dividends were resumed on both preference stocks at the regular rate of 6% annually with the quarterly payment on Nov. 1, 1937 and have been continued regularly since. Plans for the disposition of the dividend arrears on the preference stocks, amounting to $33.75 a share following the Nov. 1, 1938, payment, have been deferred due to present business conditions. The company's working capital increased last year to $4.1 millions from $3.7 millions a year earlier, chiefly because of larger inventories and increased cash.

International Metal Industries is a holding company controlling a number of subsidiaries operating in the United States and Canada, with the major portion of its business in the United States. Products made include range boilers, water heaters, oil burners and other equipment for service stations and oil company trade. Electric refrigerators, septic tanks, milk cans and other such containers are also made.

The series A 6% preference stock, which you are considering, ranks equally with another series of preference as to both assets and dividends. There is $1.4 million of the series A and $3.1 millions of the other preference issue outstanding. Chief difference between the two classes of preference seems to be that the series A is convertible at any time into class A stock on the basis of six shares of class A common for each five shares of 6% preference, series A. The other preference issue is convertible into class A shares on the basis of two class A shares for one of preferred. The series A preference was listed on April 7, 1938, but is inactively traded. From this standpoint the other preference stock is somewhat more desirable as an investment.

Investors Syndicate

Will you outline the activities of Investors Syndicate?

Investors Syndicate sells savings certificates which provide for regular installment payments to build up a fixed amount by the end of a period, usually 15 years. At present a net return of 4% is offered, and at this rate 15 annual payments of $120 or $1,800 in all, will give a cash surrender value of $2,500. As in the case of most long-term savings plans, administrative charges are largely deducted in the early years, so that it is not until about the 7th year that cash surrender value exceeds the amount of deposits.

Payments may be discontinued for not more than two years and then resumed without penalty. In this case the term of the certificate is lengthened proportionately. During the defaulting period no interest is credited on sums already deposited. At maturity there are various options for taking a cash payment or leaving funds on deposit to earn further interest.

Under the terms of the contract the Syndicate agrees to maintain $110 in cash and investments for every $100 of certificate liability. Investments are to be in first liens on improved real estate, government and municipal bonds and other securities which qualify as investments for life insurance companies under the laws of New York State.

Since the organization of Investors Syndicate at Minneapolis in 1894, assets have grown steadily, amounting to $111.3 millions at the end of 1937 against $90.9 millions in 1936 and $3.7 millions in 1921. Net assets available for certificate liabilities as at Dec. 31, 1937, amounted to $103.8 millions, which was 127.93% of total cash surrender values, and 109% of cash surrender values plus contingent liabilities in connection with ultimate claims. Over 25% of total resources were in cash and marketable securities, 25.23% in U. S. Federal Housing Administration insured mortgages and 4.67% in certificate loans, making a total of over 55% which was quickly marketable.

Investments in Canada at Dec. 31, 1937, amounted to over $4.5 millions, exceeding liabilities to Canadian certificate holders. This is not required by law, but is in line with the Syndicate's policy of investment diversification. Canadian investments are part of the general assets of the Syndicate. They are not specifically set aside for Canadian certificate holders. Relatively small sums are deposited with various government departments to comply with regulations.

Operations of Investors Syndicate fall under the jurisdiction of various branches of governments in the different provinces and states, the measure of supervision varying according to local laws.

Biltmore Hats

I am interested in the common shares of Biltmore Hats Ltd. Would you please give me any information on the company?

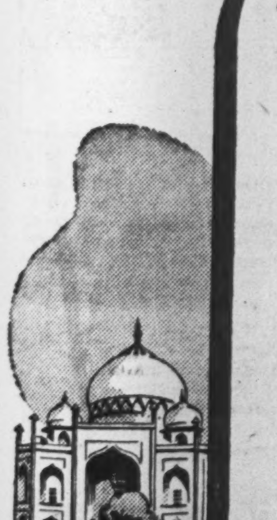
Sales volume of Biltmore Hats took a decided upturn in August because of a seasonal trend and backlog orders, caused by plant shut-down in July. It is reported that orders are now running ahead of production.

The sales and profits for the seven months' period ended June 30 were down slightly. During July the company's plant was closed down for three weeks, but settlement was reached with striking employees. Curtailment of production in July increased the decline in sales and profits, but the company expects that the present acceleration of activities will do much to overtake the decrease.

Cost of materials and labor have increased during the year, but the company expresses satisfaction with the manner in which profits are holding up in comparison with other industries.

A saving in interest charges has been effected by replacing 7% preferred stock by 3½-4% serial debentures. In May, 1938, the company sold $175,000 of the debentures, and since redemption of the preferred stock required $222,090, approximately $47,000 was drawn from the treasury. While the saving will not be shown in the first half of the year, it will be reflected in the operations the whole year.

Net profit amounted to $109,006 in the year ended Nov. 30, 1937, as against $119,687 in the previous year.



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Walkers Earns $8.04 a Share

Preliminary Figures Show $4 Dividends Covered More Than Twice

Preliminary annual report of Hiram Walker-Gooderham & Worts for the year ended Aug. 31, 1938, shows net profits equivalent to $8.04 a share on the 724,004 common shares compared with $8.29 in the preceding year.

The earnings statement for the 12 months shows operating profit of a little over $9 millions, up from the $8.9 millions a year ago. Other income, however, is down slightly so that the gain in total income is about $100,000.

Among deductions, depreciation charges are somewhat higher and there is a provision of $111,810 for an exchange adjustment arising from conversion of net assets of the Scottish subsidiary that did not appear last year. Provision for debenture interest, discount and expense is lower at $360,320 compared with $381,116. Bank interest, however, is higher at $152,720 against $107,937.

Earnings Statement
Years Ended Aug. 31

	1938 $	1937 $
Operating profit	9,050,220	8,851,626
Add: Other income	314,181	412,284
Total income	9,364,401	9,263,910
Less: Depreciation	730,927	678,187
Debent. int., disc. & exp.	360,320	381,116
Prems. on debents. red.	......	56,562
Bank interest	152,720	107,937
Exch. re adp. of assets of Scottish subsid.	111,810	......
Prov. for inc. taxes	1,723,656	1,576,475
Net profit	6,284,968	6,463,633
Less: Pref. divds.	460,818	460,818
Bal. for common	5,824,150	6,002,815
Earns. per Com. Share	$8.04	$8.29
Shares Outstanding	724,004	724,004

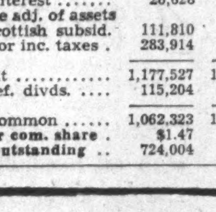
Three Months Net Down

For the three months ended Aug. 31, 1938, Hiram Walker's operating profit and total income are both down from a year ago. This is partially offset by a reduction in depreciation charges to $176,777 from $194,581 and in income tax provision from $485,387 to $283,914. On the other hand, requirements for debenture interest, discount and expense are higher and there is the exchange loss already mentioned. Smaller provision for bank interest requirements in the last quarter, only quarter of the past year to show a reduction in this expense, apparently indicates that bank loans have been reduced.

With the exception of the first quarter of the year the three months ended Feb. 28, when net profits were equivalent to $2.15 a share against $2.14, each quarter has shown a reduction from the preceding year. This drop in earnings, however, has not been severe in any period, as illustrated by the comparatively favorable comparison which earnings for the full year make with the corresponding period a year ago.

Quarterly Earnings
Three Months Ended Aug. 31

	1938 $	1937 $
Operating profit	1,892,583	1,964,795
Add: Other income	54,792	170,964
Total income	1,947,375	2,135,759
Less: Depreciation	176,777	194,581
Debent. int., disc. & exp.	170,719	83,100
Prem. on debs. red.	......	47,920
Bank interest	26,628	48,370
Exch. re adj. of assets of Scottish subsid.	111,810	......
Prov. for inc. taxes	283,914	485,387
Net profit	1,177,527	1,276,401
Less: Pref. divds.	115,204	115,204
Bal. for common	1,062,323	1,161,197
Earns per com. share	$1.47	$1.60
Shares Outstanding	724,004	724,004



Faith in Canada's Future

To lend money on Canadian real estate away back in 1855, when this Corporation was first established in business, required more than good judgment—it required faith. The future of Canada was obscure. Never in the years that have followed has that faith wavered. It governs the Canada Permanent policy to-day.

CANADA PERMANENT Mortgage Corporation

Head Office
320 BAY ST. - TORONTO

Assets Exceed $68,000,000

Johnston National Storage Profits Near Last Year's

Johnston National Storage, Vancouver cartage and warehousing concern, had a net operating profit in the year ended July 31, 1938, of $41,333 against $37,223 in the previous year. After adding other income of $3,534 and deducting $19,044 for depreciation, $11,430 for interest and $4,204 for income taxes, net profit of $10,189 was left as compared with $10,917 in the previous year. Working capital at the end of July this year was $24,576 against $21,779.

The directors report that volume of business offered was less than in the 1936-37 period. Changes and adjustments made in contracts which expired and were renewed during the period are expected to strengthen the company's position.

The company holds $16,595 of its own bonds, providing a margin of three years' sinking fund requirements. Funded debt consists of $288,600 of 5% first mortgage bonds, due 1960.

Montreal Power To Finance Shortly

From Our Own Correspondent

MONTREAL — Montreal Light, Heat & Power Cons. will undertake an important piece of financing within the next few months. The 3% debentures mature on July 1 next year.

These debentures were issued as a result of a customer ownership campaign carried out by the company in 1932. Originally stock was offered at $50 a share, but in view of the decline in market value, the subscribers were offered the option of taking up stock or 3% debentures. As a result, the company issued nearly $30 millions of debentures, of which there were outstanding at the end of last year, $21,798,050.

EXECUTORSHIP

Our Trust Officers will be glad to discuss your situation with you without charge.

ONE of the more important items of business for which this Trust Company was originally organized and on which it focuses its attention is that of faithfully and impartially carrying out the wishes of men and women as expressed in their Wills.

Our long experience in such matters should be of help to anyone having in mind the preparation of a Will.

MONTREAL TRUST COMPANY
61 YONGE STREET, TORONTO

Toronto Office:
J. F. HOBKIRK, Manager

DISTILLERS CORPORATION - SEAGRAMS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, DOMINION OF CANADA)

AND ALL SUBSIDIARY COMPANIES

Officers and Directors

President: SAMUEL BRONFMAN, Montreal
Vice-Presidents: ALLAN BRONFMAN, Montreal. H. F. WILLKIE, Louisville, Ky.
H. F. GLASS: *Comptroller and Secretary-Treasurer*

SAMUEL BRONFMAN - - - - Montreal
HARVEY D. GIBSON - - - - New York City, N.Y.
AIME GEOFFRION, K.C. - - - - Montreal
FRANK R. SCHWENGEL - - - - New York City, N.Y.
ALLAN BRONFMAN - - - - Montreal
THOMAS H. MCINNERNEY - - - - New York City, N.Y.
WILLIAM B. CLELAND - - - - Toronto
H. F. WILLKIE - - - - Louisville, Ky.
JAMES E. FRIEL - - - - New York City, N.Y.

*

REPORT OF DIRECTORS

TO THE STOCKHOLDERS:

Your Directors submit herewith their tenth Annual Report of your Company together with a Consolidated Statement of Profit and Loss and Earned Surplus for the year ended July 31, 1938, and Consolidated Balance Sheet, as at July 31, 1938, as certified by your Auditors.

Profits

The consolidated net profits for the fiscal year were $7,313,504.45 as compared with $7,444,258.00 in the preceding year, both after absorbing all selling, advertising and administration expenses and making provision for all accrued taxes. After providing for dividends on the Preferred Stock, the profits were equal to $3.75 per share, as against $3.95 per share in the preceding fiscal year, on the 1,742,645 shares of Common Stock outstanding.

Dividends

Preferred Stock dividends of $777,891.00 were paid in the four quarters of the fiscal year. The Preferred Stock having been issued in November, 1936, only three quarterly dividends were paid in the preceding fiscal year. In December, 1937, the payment of dividends on the Common Stock of your Company was resumed and three dividends of fifty cents per share aggregating $2,613,967.50 were paid during the fiscal year.

Surplus

After providing for the full dividends on the Preferred Stock and the Common Stock dividends referred to, the Earned Surplus of your Company was increased during the fiscal year by $3,921,645.95.

Sales

It is gratifying to note that in spite of unsettled business conditions and the keen competition resulting therefrom, the consolidated net sales of the Company's products during the fiscal year were $81,577,919.30. The Company's policy of featuring high quality blended whiskies has again been rewarded in that the general market for blended products continues to expand and our brands have become still further entrenched in consumer preference. The Company's products both in Canada and the United States maintained their enviable standing in those markets.

Reference was made in our last Report to the acquisition of Carstairs Bros. Distilling Co. Inc. and we are pleased to report that during 1938 its products have been introduced in certain markets in the United States. Their reception has been favourable and we look forward to their expansion during the present fiscal year. The initial cost of establishing these brands has, as is customary with your Company, been included in the operating expenses of the fiscal year in which incurred.

Finance

Our financial position has been further enhanced during the year. Consolidated current working assets at the close of the year exceeded all liabilities including long term bank loans, by $37,742,948.76, an increase in working capital over the previous year of $5,186,951.83. It is of further interest to note that total bank loans were reduced by $5,750,000.00 at July 31, 1938.

Capital Expenditures

Net capital expenditure during the year amounted to $912,828.70 in respect of the installation of modern equipment and additional plant facilities at our various plants, the completion of buildings at Louisville, and the erection of an additional maturing warehouse at Baltimore. To provide in part for modernizing plant equipment it was found necessary to make changes in existing buildings and equipment and in this connection the sum of $447,729.66 has been written off against the earnings of the year under review and charged to Loss on disposal of capital assets. The plants as is customary, have been maintained at the highest point of efficiency and the cost of maintenance charged to operations during the fiscal year. Trade Marks, Rights and Goodwill were increased $180,661.25 during the year representing mainly the acquisition cost of the trade name and goodwill of Carstairs Bros. Distilling Co. Inc.

Capital Structure

During the year your Directors received and accepted offers from Brintcan Investments Limited, representing the Bronfman family, major stockholders of your Company, to purchase 15,000 shares of Cumulative Preferred Stock 5% Series with warrants attached at $100.00 and accrued dividends, per share. Since the close of the fiscal year your Directors have received and accepted a further offer to purchase 5,000 shares on the same basis. These unusual offers reiterate the confidence of the major stockholders in your Company's future, and Capital having thus been increased by $2,000,000, our financial position has thereby been further strengthened.

Your Directors are again pleased to record their appreciation of the loyalty and faithful service of all the officials and employees of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS,
SAMUEL BRONFMAN,
President.

Montreal, October 14, 1938.

*

Consolidated Statement of Earned Surplus and Profit and Loss for the Year ending July 31, 1938

(EXPRESSED IN CANADIAN CURRENCY)

Earned surplus, balance July 31, 1937			$22,639,743.93
Sales, less freight and allowances		$81,577,919.30	
Less: Cost of goods sold		57,098,840.37	
		$24,479,078.93	
Miscellaneous income, discounts, exchange, etc.		126,202.06	
		$24,605,280.99	
Selling, general and administrative expenses	$13,514,739.43		
Director's fee	1,000.00		
Salaries of executives, including those of subsidiary companies	388,050.83		
Legal fees	289,070.23		
Interest (net)	437,079.37		
Provision for depreciation (see footnote)	130,621.56		
Loss on disposal of capital assets	447,729.66		
Provision for loss on investments	160,000.00		
		15,368,291.08	
Profit before provision for income and profits taxes		$ 9,236,989.91	
Provision for income and profits taxes		1,923,485.46	
Balance of profits for the year ending July 31, 1938			7,313,504.45
			$29,953,248.38
Deduct:			
Dividends on Cumulative Preferred Stock 5% series		$ 777,891.00	
Dividends on Common Stock		2,613,967.50	
			3,391,858.50
Earned surplus at July 31, 1938, per balance sheet			$26,561,389.88

Note: Depreciation provided during the year amounted to $942,833.64 of which $812,212.08 has been charged to cost of production and $130,621.56 as above.

Consolidated Balance Sheet, July 31, 1938

(EXPRESSED IN CANADIAN CURRENCY)

ASSETS

Current Assets:		
Cash in banks and on hand	$ 1,538,289.41	
Accounts receivable after providing for doubtful accounts	8,600,689.64	
Deposits on grain futures contracts (the aggregate amount of the contracts was $1,057,500.00, market value $1,000,975.00)	109,152.23	
Inventories of whiskies and spirits as shown by Government records, warehouse reports and physical inventories, valued at cost including duty, taxes and freight where such have been paid, and inventories of raw materials and supplies at cost of purchase	41,004,154.95	
		$51,252,286.23
Unexpired Insurance and other items chargeable to Future Operations		751,010.02
Investments in and Advances to other Companies:		
Investments (unquoted), at cost less reserve	$ 481,815.51	
Advances	15,000.00	
		496,815.51
Land and Buildings, Plant, Machinery and Equipment, at cost with the exception of certain properties which are carried at depreciated reproductive appraisal values of $888,192.51 and $109,549.69 as determined by the Canadian Appraisal Company at November 1, 1926, and February 28, 1929, respectively, plus subsequent additions at cost	$18,167,844.30	
Less: Reserves for depreciation and amortization	4,854,030.07	
		13,313,814.23
Trade-Marks, Bottling and Blending Rights and Goodwill stated at the excess of the declared value of 1,500,000 shares of Distillers Corporation-Seagrams Limited issued in March, 1928, in exchange for the entire issued capital of Joseph E. Seagram & Sons, Limited and Distillers Corporation Limited over the net tangible assets of those companies as shown by their books at the date of the exchange, plus subsequent additions		10,710,238.17
		$76,524,164.16

LIABILITIES

Current Liabilities:		
Notes payable to banks	$ 3,900,000.00	
Accounts payable and accrued liabilities	2,032,931.27	
Dividend on Cumulative Preferred Stock, payable August 1, 1938	206,250.00	
Provision for Federal, Provincial, State and Municipal taxes in Canada and the United States	3,121,166.22	
		$ 9,260,347.49
Advances under Bank Credit Agreement (Unsecured), maturing November 2, 1941		5,000,000.00
Capital Stock:		
Cumulative Preferred Stock:		
Authorized—200,000 shares of Cumulative Preferred Stock of the par value of $100.00 each United States currency	$20,000,000.00	
Issued—165,000 shares of Cumulative Preferred Stock 5% series of the par value of $100.00 each United States currency, redeemable at the option of the Board of Directors at $105.00 per share United States currency:		
150,000 shares issued as at July 31, 1937	$15,000,000.00	
15,000 shares issued during the year ending July 31, 1938	1,500,000.00	
165,000 shares		16,500,000.00
Common Stock without nominal or par value:		
Authorized—2,300,000 shares		
Issued —1,742,645 shares		19,202,426.79
NOTE: Options covering 20,000 shares of common stock at $22.00 per share have been given to certain officers of United States subsidiary companies. Warrants to purchase until October 31, 1941, 165,000 shares of Common Stock at $30.00—$32.00 per share have been issued to the holders of the Cumulative Preferred Stock 5% series.		
Earned Surplus, as per statement attached		26,561,389.88
		$76,524,164.16

NOTE: In addition to the liability for taxes included in the above consolidated balance sheet, taxes, computed at present rates, of approximately $215,000.00 would be exigible on the receipt by the Parent Company of the total combined net surpluses of subsidiary companies in the U.S.A. The necessity for a complete distribution of these combined net surpluses may never arise, and the policy will be followed of providing for such taxes, as may arise, in the fiscal year in which dividends are received by the Parent Company.

Approved on Behalf of the Board: S. BRONFMAN, Director. H. F. WILLKIE, Director.

*

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the consolidated balance sheet of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1938, and of the consolidated statement of earned surplus and profit and loss for the year ending on that date. In connection therewith we examined or tested accounting records of the companies and other supporting evidence and obtained all the information and explanations which we required; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We report that in our opinion, based upon such examination the above consolidated balance sheet is properly drawn up so as to exhibit, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, a true and correct view of the state of the combined affairs of Distillers Corporation-Seagrams Limited and its subsidiaries as at July 31, 1938, and that, the attached statement of consolidated earned surplus and profit and loss correctly sets forth the results of operations for the year ending on that date; according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, October 13, 1938.

Insurance

Public Relations Policy

Deserving Public Support and Making Good Deeds Known, Two Main Essentials

In an address before the Life Insurance Advertisers Association in Toronto last week on the subject "Public Relations and Life Insurance," Kenneth R. Wilson, associate editor of The Financial Post, stressed as two important parts in any public relations programme:

(1) Earning and deserving public support and goodwill.

(2) Making one's good deeds known.

"No business could have grown as to size, prestige and universality in the way that life insurance has grown in Canada if it had not 'earned and deserved' public support and goodwill.

"Consider, for example, these typical facts:

"'Every minute of the working day, Canadian wage-earners and citizens deposit $1,500 (voluntarily) with life insurance companies.

"'Life insurance in force is equal to the total value of all urban real property in the Dominion.

"'In 60 years Canadian life insurance policyholders have accumulated in assets or received in disbursements a sum approximately equal to the entire federal debt.'"

Better Relationships

"Assuming the essentials in a sound public relations policy to be good product, good salesmen and good management, the problem then resolves itself into establishing better relationships among:

(a) Policyholders and prospects.

(b) The public at large (including of course, governments and legislators).

"Looked at from that angle, what can be done to ensure that life companies 'earn and deserve' public support and goodwill?"

Before dealing with this question Mr. Wilson paid tribute to the work done in this way by the life companies. The institutional advertising as well as the publicity of the companies themselves, he said, was free from the criticism that was sometimes directed at business of concentrating too much on the product while neglecting to tell the story of the organization behind the product. Outstanding leadership had been given by the life companies in this respect.

Health and welfare work had also played an important part in the public relations work of the life companies.

Make Policies Understandable

Coming to methods by which public relations could be improved, Mr. Wilson stressed the desirability of writing policies so that they could be easily understood by the policyholder and the beneficiary. Few people today, he indicated "could read their policies through and have any idea at the end what it was all about."

Annual Reports

"Then there is the question of annual reports."

"Let's look at this from the policyholder's point of view.

"The money your average policyholder puts into his life insurance premiums each year is probably the only money he saves from one year's end to the next. Next to food and shelter it ranks as perhaps the most important single item of expense.

"Is it not reasonable that Mr. and Mrs. Policyholder should look with some considerable eagerness for the annual report of their company?

"Would they not be very definitely interested, if that report were written in their language—perhaps even in terms of their own especial stake in the company? Suppose, instead of being merely a financial accounting it were made a family or social balance sheet?

Making Good Deeds Known

"What about the other half of a public relations policy?

"In addition to earning and deserving public support and goodwill it is essential that good deeds be not left to speak for themselves.

"One of your members expressed this thought recently in Montreal when he told the Life Office Management Association:

"'It is not sufficient for our institution merely to be right; we must make it manifest to all that it is right.'"

"I do suggest that some, at least, of later and much more grievous problems might have been avoided by more candor in the early depression days. The 'dignity of silence is often very expensive.'"

In conclusion Mr. Wilson stated that the companies could not turn over the work of public relations to a body such as the Canadian Life Insurance Officers Association and forget it. It was, he said, the responsibility of the individual company.

United States Fidelity & Guaranty Company
TORONTO

The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual
A leading All-Canada Company—in volume; in strength; and in service to "select" property-owners and agents.
Home Office, Wawanesa, Man. Eastern Office: York & Harbour Sts., Toronto. Branches in Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal, Moncton.
FIRE, WINDSTORM, AUTO, CASUALTY

The Independent Order of Foresters
Monthly Income During Disability
Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.
In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.
The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.
FRANK E. HAND, *Supreme Chief Ranger.*
HEAD OFFICE, TEMPLE BUILDING, TORONTO, CAN.

FIRE and WINDSTORM
Absolute Protection
Maintenance of ample reserves and rigorous observation of the Dominion Insurance Act have firmly established the Company in financial security and earned the gratitude of many thousands of policyholders it serves.
THE SHIELD OF PROTECTION
PORTAGE MUTUAL INSURANCE CO.
ESTABLISHED 1884
The PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY
PORTAGE LA PRAIRIE, MAN. WINNIPEG, REGINA, EDMONTON

Prairie Sales Of Insurance Show Increase

Larger Crop Brings Improvement But Canadian Total Below 1937

DECLINE IS 1.04%

Sales of new ordinary life insurance in Canada and Newfoundland for September, exclusive of group and wholesale insurance, annuities, pension bonds without insurance, reinsurance, revivals, etc., amounted to $27,442,000 compared with $27,730,000 in the same month of 1937. This was a decline of 1.04% and the smallest decline for any month this year to date. The figures are based on returns by 18 companies having 87% of the total insurance in force. They are compiled by the Life Insurance Sales Research Bureau and given out by the Canadian Life Insurance Officers Association.

Substantial gains were shown over the same month last year in the Prairie Provinces. Alberta was higher by 14.25%, Manitoba by 22.07% and Saskatchewan by 10.68%. Nova Scotia and Prince Edward Island also recorded increases over last year of 2.35 and 7.81% respectively. The decrease in Ontario was the smallest for any province being only 1.02%.

The larger sales on the Prairies appear to be a direct reflection of the larger crop harvested this autumn.

For the nine months to the end of September, total sales amounted to $275,613,000 compared with $281,297,000 in the corresponding months of 1937, a decline of 2.02%. During the nine months period increases were shown in only three provinces—Alberta, Manitoba and Nova Scotia and in Newfoundland. The percentages of improvement in the areas named were 8.23, 10.80, 5.85 and 17.79 respectively.

Sales by provinces for September, 1938, and a year ago were as follows:

	1938 $	1937 $
British Columbia	2,108,000	2,244,000
Alberta	1,186,000	1,038,000
Saskatchewan	974,000	880,000
Manitoba	1,753,000	1,436,000
Ontario	11,965,000	12,088,000
Quebec	7,226,000	7,650,000
New Brunswick	666,000	861,000
Nova Scotia	1,131,000	1,105,000
Prince Edward Island	138,000	128,000
Newfoundland	295,000	300,000
	27,442,000	27,730,000

Details of sales by months since January, 1935, are as follows:

Ordinary Life Sales
(a) Sales by Month, 1935-1938
($ 000 omitted)

	1935	1936	1937	1938
Jan.	32,988	33,347	27,789	30,606
Feb.	28,716	28,834	30,619	31,204
Mar.	31,416	30,552	32,322	32,796
Apr.	28,900	28,876	32,562	29,981
May	27,423	28,411	31,916	30,342
June	32,112	31,247	37,908	35,120
July	32,155	31,396	32,040	30,126
Aug.	26,854	23,547	28,411	27,996
Sept.	26,696	28,090	27,730	27,442
Oct.	30,416	29,402	33,416	.....
Nov.	35,158	36,710	38,020	.....
Dec.	36,550	34,146	37,125	.....

Insurance Problems

Switzerland General

Please give me a report on the Switzerland General Insurance Company with head office at Montreal.

Switzerland General Insurance Co. has head office at Zurich, Switzerland. Its capital authorized and subscribed is 10 million francs and its paid up capital 3 million francs. The manager for Canada is Jules H. Pigeon.

A deposit of $116,623 in bonds accepted at $121,467 has been placed with the Dominion Government for protection of Canadian policyholders.

At the end of 1937 total assets in Canada were placed at $135,594. The company obtained a Dominion license in 1935 and has been operating under Dominion license since. This means, of course, that its books and operations are open to inspection by the Dominion Department of Insurance. Its loss ratio in 1937 is shown at 46.59 against an average of 39.88 and its expense ratio at 91.38 against an average of 88.77.

Life Advertisers Elect Officers for Coming Year

At the annual meeting of the Life Insurance Advertisers Association at Toronto last week officers were elected for the ensuing year as follows:

President, A. L. Cawthorn Page, Metropolitan Life Insurance Company, Ottawa.

Vice-president, E. Morton, North American Life Assurance Company, Toronto.

Secretary-treasurer, W. A. Shields, Confederation Life Association, Toronto.

New Licenses

The Dominion Department of Insurance announces issue of license as follows:

The Ukrainian National Association authorizing it to transact in Canada the business of life insurance to the extent authorized by its certificate of incorporation, constitution and laws. The chief agent is located at Windsor, Ont.

PRESIDENT

A. E. Pequegnat, assistant general manager of the Mutual Life Assurance Company of Canada, who has been elected president of the Life Insurance Institute of Canada.

Insurance Notes

During the month of September new business written by the Confederation Life Association amounted to $3,934,876 an increase of $108,622 over the same period in the previous year. Total business for the year to the close of the books at the end of September was $36,909,895 an increase of $3,450,331 over the same period in the previous year. Total business in force at the end of September was $419,495,905.

* * *

Vernon C. Hale, C.L.U., has been appointed manager of the Central Ontario Branch of the Canadian Life Assurance Company, succeeding his father, Homer J. Hale, C.L.U., who has retired. Vernon Hale has been a member of the quarter million dollar club of the Canada Life and is a former president of the Hamilton Life Underwriters Association. He was appointed associate manager of the central Ontario branch in 1932.

* * *

In an address before the Sherbrooke Rotary Club, Walter Sutherland, local manager of the Sun Life Assurance Company, reviewed the history of life insurance. When the first policy was issued 350 years ago, he stated, life insurance was not a science in any way but simply a betting or gambling on human life. About 1775 that state of affairs was eliminated by act of parliament. Its inception on this continent dated back 180 years to the incorporation of the Pennsylvania Company for the insurance of lives and annuities. The first Canadian company was the Canada Life organized in 1847.

* * *

With the object of training young insurance men in public speaking the Toronto Insurance Institute has inaugurated a debating club. The Institute executive feels that the club will be a very important factor in training the coming generation of insurance executives.

* * *

At the annual meeting of the Winnipeg Insurance Institute ten graduates received diplomas for having completed three years of study in the casualty and fire branches.

New officers for the coming year were elected as follows: president, T. D. Harris; vice-president, R. P. Simpson; secretary, G. E. Budden; treasurer, C. R. Francis; counsel, J. J. Milne, D. Bruce, Murray, H. P. Ham, R. E. Jackson, H. A. Roberts, T. G. Cox, N. Woodcock; honorary audit, A. G. Mackie; librarian, F. R. Porter. Hon. S. S. Gorson was the guest speaker.

* * *

In an address delivered before the Ontario Fire and Casualty Insurance Agents convention in Toronto recently, W. J. Scott, Ontario Fire Marshal, stated that it seemed that the bottom of the cycle of low fire losses had been reached. This is natural, he said, "for we have reached the bottom I hope of lower values and smaller stocks in business generally. In Ontario the year 1937 showed an increased fire loss of 3.2% as compared with a general increase in Canada of about 3%. In the United States there was a decrease of 3% as against an increase the previous year of 13%. For the first nine months of 1938, according to our Quarterly Bulletin issued last week, we have an increase of 179 fires, of $80,562 in the total loss and of $387,506 in the insurance loss over the same period last year. This is an increase of 1½% in the number of fires and 1 1/3% in the total loss. The fact that the insurance loss is up 8% might show people are carrying more complete coverage, or might even indicate increased generosity on the part of the companies."

* * *

The September, 1938, issue of The Bulletin, magazine of the Great West Life Assurance Company, of Winnipeg, marks the 30th anniversary of its publication. It is one of the oldest house organs in the insurance field. The anniversary is marked by the publication appearing in a complete new dress.

Prairies Unify Hail Policies

Ambiguous Wording of Statutory Conditions Is Changed

From Our Own Correspondent

REGINA.—Hail insurance policies have been unified on the prairies as result of a meeting of a standing committee on hail insurance, a committee of the Association of Insurance Superintendents. In the past, Alberta and Saskatchewan had the same policy, but Manitoba had slight variations.

These variations added to the cost as separate forms were necessary. The meeting was called by A. E. Fisher, Saskatchewan's supt. of ins., and was attended by W. E. McLean, deputy supt of Manitoba,, S. M. Elliott of Montreal, Frank Hatfield, Hartford, Conn., James B. Cullison of Chicago, and Saskatchewan insurance company officials.

There will be another meeting of the subcommittee to discuss discount on notes given for premiums, as operations in the past have varied.

Right to Indemnity

The rather ambiguous wording of statutory condition 5 covering losses under 5% and those clauses dealing with loss from causes other than hail was changed. It was practically decided that the right to indemnity for loss by hail to which a claimant may be entitled will cease when the grain is cut or harvested or wholly destroyed by any agency other than hail, or when the crop is overripe or when the crop or any portion has been so injured by other than hail that the price likely to be obtained for such crop or portion would not exceed actual cost of harvesting.

Many conditions similar in effect to those in fire statutory conditions will be remodelled along the latter's lines. All red ink variations will be disallowed.

Life Insurance Institute Announces New Officers

Officers for the Life Insurance Institute of Canada for the coming year have been elected as follows: President, A. E. Pequegnat, assistant general manager of The Mutual Life Assurance Company of Canada. First vice-president, J. D. Williamson, actuary Canada Life Assurance Company, and second vice-president, E. E. Reid, vice-president and managing director the London Life Insurance Company.

Amherstburg, Ont.—Assessment of the town has been raised $553,078, according to assessment figures. Total assessment for the municipality is $3.2 millions, less exemptions of $515,655, leaving a taxable assessment of $2.7 millions. Last year these figures were: total assessments $2.7 millions; exemptions $482,483; taxable assessments $2.2 millions.

Urban Building Lag Overcome

Total of Permits Issued Shows Slight Increase

Volume of urban building activity in Canada in September overcame the lag shown during the earlier months of this year, and put the cumulative total of permits issued during the year to date fractionally (about ½%) ahead of the equivalent figure for 1937.

Value of permits issued in September, in the 58 cities reporting to the Dominion Bureau of Statistics, amounted to $5,278,381, an increase of 3.3% in comparison with September, 1937. While this is not as favorable as the similar increase of 13% recorded in August, it boosted the permit total for the first nine months of this year to $43.1 millions, compared with $42.9 millions in the same period last year.

The nine months total is considerably higher than the equivalent figures during the years 1932-36 inclusive, but is less than half of the comparable 1931 total of $88.6 millions. In 1930 the total was $126.4 millions and in 1929 permits reached the record figure of $186 millions.

Fort Erie Rejects Plan To Settle Bridge Taxes

Fort Erie Council has rejected proposal that the Buffalo-Fort Erie public bridge authorities dispose of its future tax obligations by payment of a lump sum of $125,000 to the town. The Council passed a resolution that it would accept $25,000 a year until such time as the bridge becomes toll-free.

The proposal was conveyed to the town by the Ontario Department of Municipal Affairs which is anxious to settle this issue in order to proceed with refinancing plans for Fort Erie. This plan cannot be worked out until an agreement has been reached with the bridge company. The Guaranty Trust Company, fiscal agents for the town, last fall commenced preparing a plan for refunding. First step is a long-term estimate of future receipts and expenditures in the municipality.

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CONFEDERATION LIFE ASSOCIATION
HEAD OFFICE - - - - - - TORONTO

37 YEARS
SINCE 1901 NORTHWESTERN MUTUAL HAVE RETURNED MORE THAN 23 MILLION DOLLARS IN DIVIDENDS TO POLICYHOLDERS.
BRANCHES ACROSS CANADA
Toronto, Hamilton, Ottawa, Halifax, St. John, Moncton, Quebec City, Montreal, Winnipeg, Saskatoon, Edmonton, Calgary, Kelowna, Victoria, Vancouver
NORTHWESTERN MUTUAL FIRE ASSOCIATION
NON-ASSESSABLE POLICIES — ASSETS $7,683,067

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY

A Sound Partnership
YOU AND THE SUN LIFE OF CANADA
HEAD OFFICE — MONTREAL

LIFE INSURANCE .. THE INVESTMENT for HAPPINESS
Life Insurance is chosen for its stability, the guaranty of its values, and the inclusion of guaranteed retirement income options in addition to protection against premature death.
Because it eliminates investment worries and provides guaranteed returns it has become the investment for happiness.
A STRONG CANADIAN COMPANY
The EXCELSIOR LIFE

The purchase of your product starts when the prospect reads your message in the Local Daily

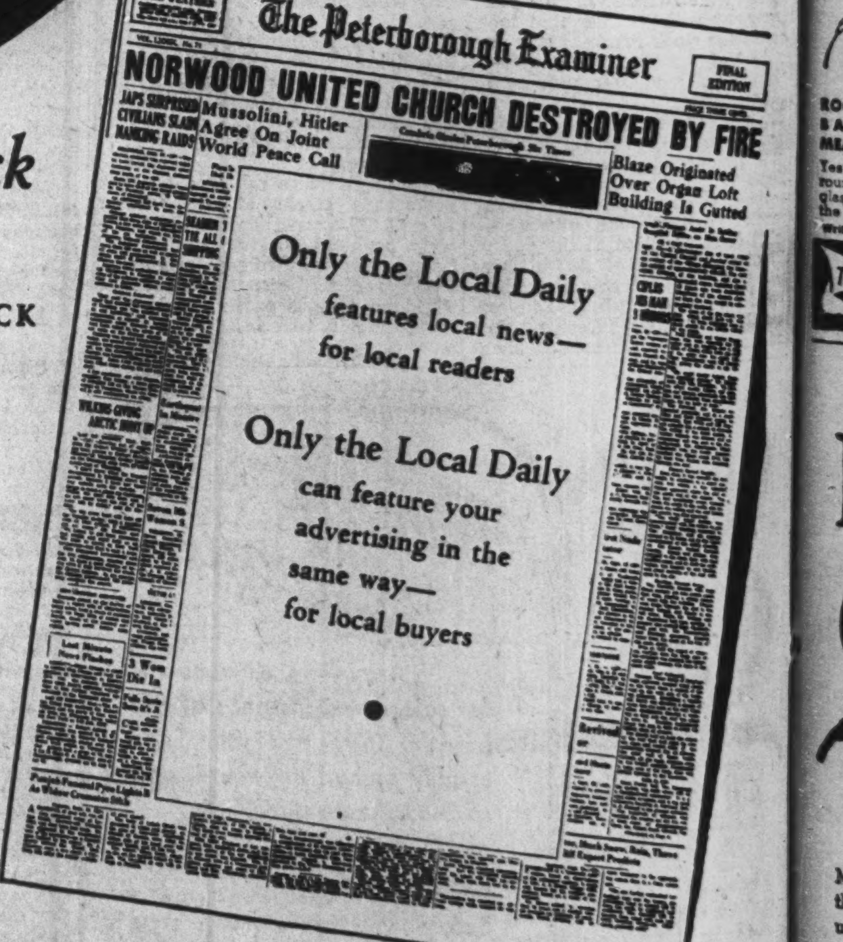
J. D. FITZPATRICK
President, Fitzpatrick and Geraghty Limited
owning and operating 6 Retail Food Markets in Peterborough. For the twelve month period just ending sales were in excess of $340,000.00. Advertising space in the Local Daily amounted to 42,760 lines—

"It always pays to back a winning horse"
says MR. J. D. FITZPATRICK

"Having used different methods of advertising, such as, handbills, premiums, personal letters and our Local Daily, I believe I have had a fair chance to judge what form of advertising brings the best results. After eighteen years experience, I am convinced that there is no rival to advertisements in the Local Daily.

It has been my experience too, that the products which are the quickest to move off our shelves are those of manufacturers who ALSO advertise in our Local Daily. This being true, it's only natural for us to push these products through preferred displays and mention in our own advertising. In other words it always pays to back a winning horse."

J. D. Fitzpatrick



Mr. Fitzpatrick's experience is similar to the scores of retailers advertising in the
ONTARIO PROVINCIAL DAILIES
Belleville Ontario Intelligencer
Brantford Expositor
Brockville Recorder and Times
Galt Reporter
Kingston Whig-Standard
Kitchener Record
Niagara Falls Review
Oshawa Times
Owen Sound Sun Times
Peterborough Examiner
St. Catharines Standard
St. Thomas Times-Journal
Sarnia Canadian Observer
Stratford Beacon-Herald
Timmins Press
Welland-Port Colborne Tribune
Woodstock Sentinel-Review

If you APPRECIATE GOOD THINGS

Sea air, superb food, lazy Ocean Decks—you'll get your full money's worth at these friendly hotels. Squash, dances, concerts, varied amusement. Come down now while the season's at its prime and store up health for winter days ahead. Low rates. Restricted clientele.

LEEDS AND LIPPINCOTT COMPANY

CHALFONTE-HADDON HALL

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For reservations call L. G. Girvan, Canadian Representative, 67 Yonge St., Toronto. Telephone—WAverley 7552.

Sailings Wednesdays at noon

to ALL EUROPE (Ireland, England, France, Germany)

Washington - - Nov. 16 Also Dec. 14, Jan. 18

Manhattan - - Nov. 30 Also Jan. 4, Feb. 8

CABIN $186 up TOURIST $127 up THIRD $95 up

Pres. Roosevelt Nov. 9, Dec. 7 Pres. Harding Nov. 23, Dec. 21

Cabin Class $141 up; Third $91 up

Also "American One Class" liners weekly direct to London—fortnightly to Cobh, Liverpool—only $105 up.

WEST INDIES CRUISES

Dec. 27, Manhattan, 6 days, $75 up
Jan. 27, Manhattan, 10 days, $127.50 up
Feb. 10, Washington, 10 days, $127.50 up

Ask your TRAVEL AGENT for details

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Canadian Pacific Express TRAVELLERS CHEQUES

Safe to carry. Good wherever you go. Obtainable from all Canadian Pacific Agents and most banks.

The Marlborough
Winnipeg's Newest Hotel
In the Heart of the City
Fireproof Construction
European Plan
Rates in Keeping With the Times
220 Rooms

IT'S TRUE! . . . A COMPLETE Fall WEEK-END

ROOM BATH MEALS Friday to Sunday $10 PER PERSON

Yes . . . delicious meals in friendly surroundings . . . seawater baths . . . vita glass solarium and sun decks overlooking the ocean . . . $10, $12, $14 per person.

Write for reservation. F. Ernest Todd, Res. Mgr.

The SENATOR ATLANTIC CITY

In MONTREAL

The Windsor ON DOMINION SQUARE

Men of affairs naturally stop at the Windsor because of its reputation for dignified comfort and unobtrusive, courteous service.

The Windsor is the center of the business and social life of the city. It is famed for the quality, variety and excellence of its cuisine and is the home of the leading Service Clubs.

J. ALDÉRIC RAYMOND VICE PRESIDENT

Banking

Central Bank Credited For Exchange Stability

Note Circulation Increases as Chartered Bank Notes Are Withdrawn — Holdings of Short Term Government Securities Increase

Recent statements of the Bank of Canada have shown some interesting change in the bank's position. These changes, moderate from week to week, are more striking when comparisons are made with nine months or a year ago. They indicate to some extent how the bank is carrying out the functions for which it was established.

One of the results of the bank's work in recent weeks has been the stability of the Canadian dollar in the foreign exchange markets. There have been changes and the dollar has been lower in terms of the United States dollar but except for the few days when the war scare was at its height fluctuations have not been wide.

The Bank of Canada cannot take all the credit for this, of course. There has been the Tripartite Agreement, there has been the exchange of goods between Canada and the United States and between Canada and Great Britain, there has been the constant passage of monetary balances between the three countries. But the Bank of Canada has played its part as the agency through which the government operated just as the British Government operates through its Stabilization Fund.

In the money markets it has followed the easy money policy consistently.

This is part of the general plan which seems to have two objects in view. One is to enable governments to refund their obligations at a lower rate of interest and the other to enable industry to obtain necessary funds cheaply as an aid to recovery. In this plan the Bank of Canada may be said to be operating as one of a number of units.

As regards the results of the easy money policy on business recovery it may appear at first sight that this has failed to quite an extent to bring about the desired result. But lack of confidence particularly in the United States has been a powerful force working the other way while in the background for many months has been the spectre of war.

Comparisons With Last Year

A comparison of the statements of the Bank of Canada now and a year ago brings to light other functions which the central bank exercises.

For months past the bank has been accumulating reserves of foreign exchange.

For instance, holdings of foreign currencies at the end of October, 1937, totalled $28.5 millions. At the end of January, 1938, these had fallen to $16.3 millions but by October 19 last had risen to $38 millions. This increase in the foreign exchange reserve has no doubt been partly with the object of being able to protect the Canadian dollar if such action became necessary.

Another item of interest on the credit side of the statement has been the advances to the chartered and saving banks amounting to $5,000,000. The theory that it was due to the crop movement gave way to one that it reflected borrowing by some of the governments on short term notes from the chartered or savings banks.

Note circulation of $181.5 millions too on October 19 is an interesting feature comparing as it does with total note circulation of $165.3 millions at the end of 1937 and $160.3 millions at the end of October, 1937. It reflects in part the replacement of the notes of the chartered banks in the currency of the country which with the inception of the central bank are gradually being replaced until they fall to 25% of the paid-up capital.

Larger Security Holdings

One of the more important developments recently has been an increase in the last week for which figures are available of approximately $10 millions in holdings of short term government securities. This is regarded as an effort of the bank to stimulate business. The money paid for these securities, it is believed has gone partly into chartered bank's deposits in the central bank, increasing their reserves and making more money readily available for business.

Compared with a year ago the increase in this item is noticeable, holdings rising from $72.7 millions to $167 millions.

The figures also show to what extent the bank is providing finances for the different governments.

Total assets have shown an increase from $395.7 millions to $443.4 millions.

Bank of Canada Weekly Statement

Deposits of chartered banks with the central bank increased $7.1 millions during the week ended October 19, according to the weekly statement issued by the Bank of Canada. This is possibly due to preparations being made by the banks for the end of the year when their books will be closing. Another important change on the liability side of the statement is an increase in deposits by the Dominion Government which rose $4.7 millions.

Principal changes among the assets include an increase of $4.4 millions in foreign exchange, which is attributed to shipments of new gold while investments in Dominion and provincial government short term bonds rose approximately $10,000,000.

Balance Sheet

	Oct. 19 1938 $	Oct. 12 1938 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	181,523,619	181,798,923
Rest fund	1,348,414	1,348,414
Depos.: Dominion	29,800,930	25,135,302
Banks	220,004,794	212,899,791
Other	2,022,657	691,843
Total deposits	251,828,381	238,726,936
All other liabs.	3,762,317	2,988,930
Total liabs.	443,462,731	429,863,203
Assets		
Reserve: Gold	181,595,356	181,595,356
Res. in sterling and U. S.	38,012,925	33,522,142
Other curr.	666	705
Total reserve	218,608,947	215,118,203
Subsidiary coin	207,723	228,148
Advances	5,000,000	5,000,000
Investments:		
Dom. govt. short	167,010,220	157,058,882
Other Dom. govt.	46,113,711	46,492,232
Total invest.	213,123,931	203,551,114
Premises	1,705,638	1,702,224
All other assets	3,816,492	4,263,514
	443,462,731	429,863,203
Reserve ratio	50.67%	51.15%

New Books . .

Banking in Canada

THE CANADIAN BANKING SYSTEM. By James Holloday with foreword by C. M. Short, economist and assistant secretary of the Canadian Bank of Commerce. Published by The Bankers Publishing Company, Cambridge, Mass. Price $5.

This, the latest addition to the rather meagre number of authoritative books on Canadian banking, is the first to be published since the establishment of the Bank of Canada. The author who is professor of economics at the University of Alabama, has been a close student of the Canadian banking system.

Subjects discussed include the currency system, incorporation of banks, internal organization and management, loan procedure, loan restrictions, the Canadian Bankers' Association and inter-bank organization, government supervision, the Finance Act, etc. A chapter of 24 pages is devoted to the Bank of Canada. While this was written before the nationalization of that institution, the value of the analysis of its functions is not impaired. The author also devotes a chapter to comparison of branch and unit banking as found in Canada and the United States, and some interesting comparisons are drawn between the experience in this country and that in United States as regards bank failures.

The author in conclusion makes the statement that, "Whatever the inherent merits of the two systems may be . . . . there can be little doubt that the Canadian system served its country more efficiently during the complex years following the World War and the desperate years of the late depression than the unit banking system of the United States served that country."

D. G. Marble, who has been appointed secretary of the Bank of Canada.

Bank Chat

Canadian Trained Bankers

Appointment of D. G. Marble, as secretary of the Bank of Canada, means that all three senior executives of that institution now are Canadian trained bankers. Graham F. Towers, the Governor, is a graduate of the Royal Bank of Canada, Donald Gordon, recently appointed Deputy Governor, received his training in the Bank of Nova Scotia, and Mr. Marble, like Mr. Towers, gained his experience with the Royal. Graham Towers was born at Montreal. Donald Gordon is a Scot by birth while Mr. Marble is of American parentage. He entered the Royal Bank in 1913 at Ardath, Sask., when 15 years of age and three years later was transferred to the Winnipeg branch. It did not take him long to come under the notice of the head office officials. Between 1921 and 1923 he was on the inspection staff in the supervisors department at Winnipeg.

After making an inspection trip covering the European branches of the Royal Bank, he left Winnipeg in 1929 to become assistant manager of the bank's main office in Montreal. Four years later he became staff supervisor at the head office, which position he held to the time of his present appointment.

Weekly Bank Clearings

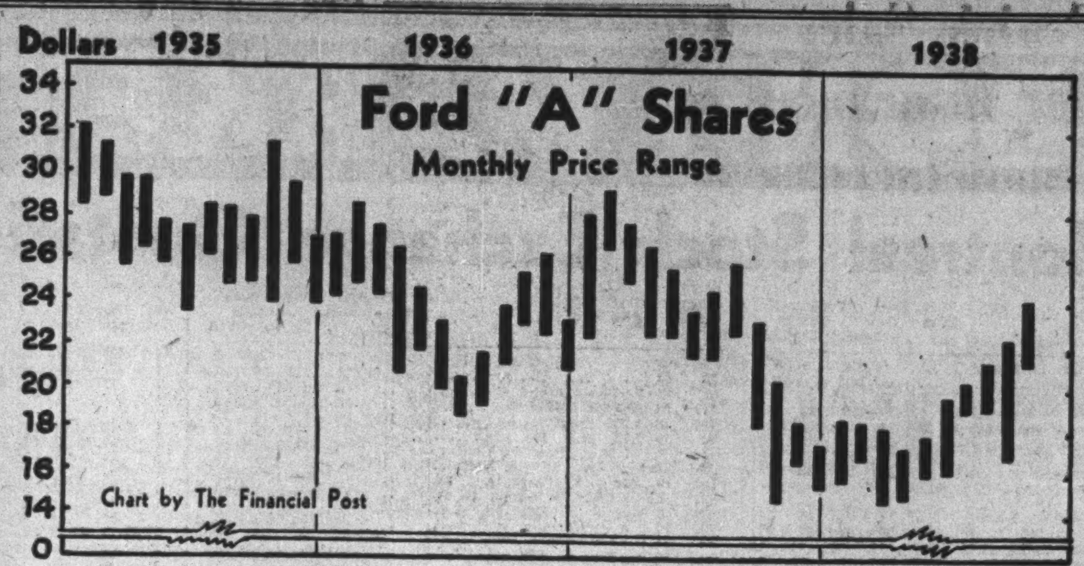
	Oct. 20 1938 $	Change Year Ago %	Oct. 13 1938 $
Halifax	2,542,253	—10.9	2,154,600
Saint John	1,856,047	—2.1	1,441,076
Moncton	841,205	—14.3	726,321
Sherbrooke	763,755	+5.1	668,032
Quebec	5,697,461	—2.4	4,393,940
Montreal	112,968,303	—5.8	85,376,056
Ottawa	28,335,693	+37.8	15,583,745
Peterborough	688,943	—4.7	556,663
Toronto	114,322,843	—7.9	97,451,386
Hamilton	5,825,480	—1.3	4,105,830
Brantford	1,020,802	—9.8	787,537
London	2,742,726	—17.6	2,199,456
Windsor	2,748,285	—22.4	2,210,443
Chatham	531,856	—11.0	498,337
Kingston	673,366	—5.0	542,857
Sarnia	498,937	—2.8	423,062
Sudbury	1,004,448	+2.4	1,006,575
Kitchener	1,258,995	—2.5	870,002
Fort William	846,355	—7.8	609,714
Winnipeg	57,386,265	+4.9	59,034,992
Brandon	434,493	—7.5	379,830
Regina	6,844,349	+83.3	5,669,553
Moose Jaw	911,963	+17.8	852,041
Edmonton	5,222,609	—9.9	4,369,961
Calgary	13,128,614	+68.8	12,827,633
Medicine Hat	468,274	+45.8	336,214
Lethbridge	839,816	+35.3	720,017
N. W'minster	625,643	—8.0	581,237
Vancouver	20,620,968	+5.4	16,106,355
Victoria	1,842,934	—0.09	1,456,569
Prince Albert	451,129	—1.0	299,244
Saskatoon	1,742,364	+0.6	1,344,000

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

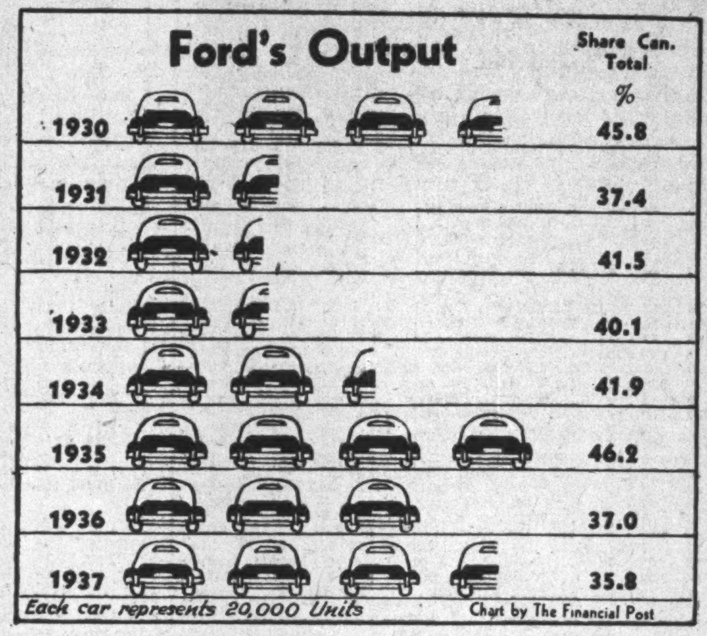
T. J. BOURKE to be accountant at Picton, Ont.

P. M. DAKIN to be accountant at Charlottetown, P.E.I.



A STOCK THAT MOVES

Ford Motor Co. of Canada Class A shares are actively traded on stock exchanges in Toronto, Montreal and New York. The less active Class B stock is also traded in New York. This chart shows the extent of the movement in the Class A shares for each month of the past four years. At current levels of around $24 a share this stock is touching new high levels for 1938, but is still well below former prices.



SYMBOLIZING FORD'S PROGRESS

Each symbol in the above chart represents 20,000 units in the production of cars and trucks by Ford Motor Co. of Canada. To illustrate the company's importance in the Canadian industry its percentage share of total Canadian production is included. Units made for both domestic sales and exports are represented.

Outlook for Ford Motor

(Continued from page 1)

the Dutch East Indies being the only important export market outside of the Empire. This is largely due to Empire preferences. In the past few years, however, the tendency has been to establish more assembly plants and even do some manufacturing in the export centres. Partly this has been due to savings possible in freight through shipment of parts rather than assembled cars. But there has also been pressure brought through the tariff policies of other parts of the Empire to encourage, or require, assembling and certain manufacturing operations.

In 1937 Ford products constituted about 70% of all automotive exports from Canada and about 21% of Canada's exports of all commodities to Australia, New Zealand, British Africa, India and Malaya. Subsidiary companies also distribute the 8 h.p. and 10 h.p. cars and Fordson tractors made in England and Lincolns made in the United States. In 1937 they handled 9,555 such units.

Profits Come From Exports

Speaking of the comparative profits derived from domestic and export business, Wallace R. Campbell stated at the last Ford annual meeting:

"In the 10-year period 1928-1937 inclusive, the prices received by us for our products sold to dealers in Canada have been somewhat less than sufficient to cover the costs of production and wholesale distribution, and the entire net profits during that period have been derived from export operations."

For the first seven months of 1938 production was down 12% from the corresponding period of 1937. During the 1938 period Ford accounted for 43% of total Canadian automobile production. So far this year export sales have held up satisfactorily. Unit sales by overseas subsidiaries were down 11% for the first half of 1938, but dollar volume had been maintained within 3% of the 1937 figure for the same period. Early in September Mr. Campbell stated that he expected domestic business to be good this fall, attributable to better crops in most sections of Canada and particularly in the West. Normally the company does two thirds of its year's business in the first half of the year. In view of this, it is doubtful if Ford will earn much if any over $2 a share for 1938. In 1937 actual earnings were $2.27 a share.

No very direct relationship can be traced between number of units sold in each year and earnings. But it is interesting to watch the company's share of total Canadian automobile production as illustrated by the following table:

Trend of Production

	Ford Output Units	Canadian production	Ford's share %
1937	74,098	207,463	35.8
1936	59,971	162,159	37.0
1935	79,844	172,877	46.2
1934	48,917	116,852	41.9
1933	26,398	65,852	40.1
1932	25,218	60,789	41.5
1931	30,890	82,579	37.4
1930	70,259	153,372	45.8

Ford Motor Co. of Canada has outstanding 1,588,960 shares of class A and 70,000 class B shares, listed in Toronto, Montreal and New York. Except that class A shares are non-voting and that class B shares are convertible at any time, share for share, into class A, the two classes of stock rank equal.

Until Dec. 16, 1936, no regular dividend rate was established, but since then $1 a share has been paid annually. In 1933 $1 a share was paid, $1.25 in 1934 and 50 cents for 1935. In only three years since 1913 (1928, 1929, 1932) has the company failed to make some payment to shareholders. The company's policy of the past few years, however, casts some doubt on the likelihood of higher dividends in the near future.

In favor of higher dividends might be mentioned the position of ample financial strength after completing a $10 million building programme, wide margin of coverage of current $1 rate and recent agitation by some shareholders for a higher rate.

Earnings Analyzed

Illustrative of where earnings have been derived in the past few years is the following calculation showing earnings per share divided between Canadian operations and dividends received from affiliated companies:

Earnings Per Share (Before Income Taxes)

	1937 $	1936 $	1935 $	1934 $	1933 $
From Can. operations	2.07	1.52	1.15	0.94	0.34
From subsid. divs.	0.56	0.83	0.13	0.33	d0.71

Earned Per Share (After Income Taxes)

	1937 $	1936 $	1935 $	1934 $	1933 $
Based on net profit	2.27	2.02	1.17	1.13	d0.37

d—Deficit.

The above calculation includes as income from Canadian operations all investment income except subsidiary dividends, and income taxes have not been deducted.

Relationship between dividends received from affiliated companies and dividends is difficult to establish with certainty. On the surface the return from foreign operations appears exceedingly high. But it is possible that earnings of subsidiaries depend to a certain extent upon the price at which units are billed to them by the Canadian company. That is, intercompany accounting may allow the subsidiaries a disproportionate share of combined earnings so that dividends from subsidiaries may be overemphasized. At current prices of around $23½ a share for the class A shares, the current yield is around 4.3%, but in the past earnings and dividends have been somewhat irregular.

No Lack of Working Capital

When it comes to considering the company's financial position, its strength is impressive. Net working capital at the end of 1937 was $17¼ millions, down from the $20.3 millions for 1936 and $22.6 millions for 1935. This is apparently due as much to a rise in current liabilities, probably because of increased scale of operations, than to any substantial change in current assets. At all times the company has maintained a strong cash position and in addition to $3.3 millions of cash at the end of 1937 had $7 millions of Dominion and provincial bonds having a market value of $6.8 millions.

To give a fair comparison of working capital, the following calculation shows the amount per share at the end of each of the past five years.

Working Capital (Millions of dollars)

	1937 $	1936 $	1935 $	1934 $	1933 $
Current assets	23.6	25.0	24.9	23.9	23.3
Current liabs.	6.4	4.7	2.3	1.8	1.5
Working capital	17.2	20.3	22.6	22.1	21.8
Per share	10.40	12.25	13.60	13.31	13.13

Other features of the latest balance sheet show an earned surplus of $20.9 millions. A reserve of $1 million had been provided against investments in affiliated companies and contingencies and another general reserve of $3¼ millions. Reserves made up $25.5 millions out of total liabilities of $66.2 millions.

Able Direction

Management of the company has been connected with the Canadian concern and its parent company in the United States for many years. Although it is not known what proportion of the outstanding shares are held by the Fords themselves, their interest in Ford Motor Co. of Canada is obvious from the following list of directors: Edsel B. Ford, chairman of the board; Henry Ford, P. E. Martin, 2nd vice-president, Detroit; George Dickert, 1st vice-president; W. R. Campbell, president and treasurer, Windsor.

Outlook for the company appears promising. It has demonstrated its ability to obtain a good share of Canadian demand for automobiles and trucks and has built up a valuable export business.

Perhaps one factor carrying a certain amount of possible disturbance is the tariff. In Canada, Ford has the benefit of a tariff of 17½% on imports from the United States, plus an import excise tax of 3% applying to all imports from non-British countries. Over a period of years the tariff has been reduced from 35%. Until the final terms of the coming trade treaty between Canada and the United States are known, it will not be certain that further reductions may not be made, although opinion at present appears generally against any change.

British Empire preferences have been responsible for Ford's building up of such an important export trade. At the moment there does not seem any great chance of the company losing the benefit from these Empire trade agreements.

NOV. 12
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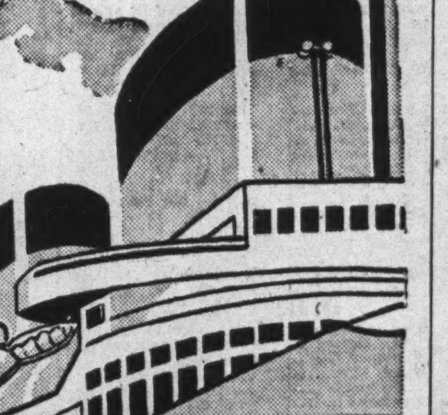

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CELEBRATE the 20th anniversary of the Armistice at the Seaside Hotel. Enjoy real rest and relaxation, a needed bit of sunshine . . . invigorating sea air. You'll relish Seaside cooking, the lift of the Surf 'n Sand Room, gracious hospitality. The rates are surprisingly low for the 3-day Armistice Week-End, November 11 to 13.

Harrison Cook, Res. Mgr.

The Seaside ATLANTIC CITY

30 STORIES OF HOSPITALITY
In the Smart East Fifties
Opposite the Waldorf-Astoria
● Quiet dignity for your background. Every measure of comfort — Spacious rooms, beautifully furnished— Plus convenience of location . . . Excellent restaurant and duplex cocktail lounge . . . air-conditioned.
Single Rooms $4-$5 • Double $6-$7
Suites from $8
Special monthly and yearly rates
The Beverly HOTEL
William A. Buescher, Manager
125 EAST 50th STREET • NEW YORK

Let Peaceful Ways entice you to SOUTH AFRICA

A Typical South African Home

Zulu women are skilled in the manufacture of their own cooking utensils

In the stillness of the Drakensberg there is beauty and a deep peace . . . in mysterious Zimbabwe's ruined citadel peace rests upon the crumbling stones. The timeless surf rolls sparkling on the wide white sands of Durban. South Africa, bathed in glorious summer, calls you from the chilly north.

Here is adventure in tranquillity; temperate days and cool, refreshing nights.

Your travel agency can supply an estimate of cost surprising in its moderateness.

Thrills of the Primitive in Civilized Comfort

1832 1938

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Intimate association with the requirements of all branches of Canadian trade and enterprise, during its century of existence, has endowed this bank with the knowledge necessary for helpful co-operation.

World-wide facilities in every department of banking

The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING SERVICE

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Where to STOP IN Canada When you GO

Montreal QUEBEC — MOUNT ROYAL HOTEL
Niagara Falls ONTARIO — GENERAL BROCK HOTEL
Hamilton ONTARIO — ROYAL CONNAUGHT
Windsor ONTARIO — PRINCE EDWARD HOTEL

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BARCLAYS BANK (CANADA) is a unit of one of the largest banking organizations in the world. A complete banking service is offered to firms and individuals having domestic banking requirements and to those interested in Empire trade and development.

BARCLAYS BANK (CANADA)
MONTREAL 214 ST. JAMES STREET
TORONTO 60 KING STREET WEST
4-2

STOCK AND BOND MARKET QUOTATIONS

Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 24

Range 1938 High	Low	Div Rate $	Oct22 Y'ld %		Sales	Last Oct. 17	Week end. Oct. 24 H	L	Cl'se
				A					
4.75	1.00	.	...	Abitibi	15183	3.75	3.87	3.50	3.75
33	8½	.	...	Do. pref. 6%	11634	28½	31½	28	29½
43	25	.	...	Do. pref. 7%	....	(33 bid 42 asked)			
26½	9	.	...	Do. cert. dep.	....	(22½ Oct. 4)			
4½	4½	30c	...	Acadia Sugar	....	(3 bid — asked)			
7	5	50c	9.1	Acme Glove	10	5½	5	5	5
82	60	6.50	10.8	Do. pref.	....	(— bid 75 asked)			
11	8½	60+20c	8	Agnew Surp.	10	9½	10	9½	9½

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Oct. 25, 1938

Public Utility Issues:	Int. Rate %	Due	Bid Oct. 25	Asked	Bid Oct. 18
†Assoc. Tel. & T.	5½	'55	78	81	77
Beauharnois P.	5	'73	98½	101½	98½
B. C. Power	4½	'60	100	103	100
B. C. Telephone	4½	'61	106	109	106
†Calgary Power	5	'60	101½	104½	100½
Do.	5	'64	100½	103½	99½
†Can. Nor. Pwr.	5	'53	104½	107½	103½
‡Dom. Gas & El.	6½	'45	88½	91½	87½
‡Gatineau Pwr.	5	'56	104	107	104
Gt. Lakes Pwr.	4½	'56	97½	100½	97½
‡Inter. Hydro-E.	6	'44	78	81	78
▲Inter. Power	6	'55	100½	103½	100½
†Macl'n-Que. Pr.	5½	'61	103	106	102½
Do.	5½	'64	103	106	102½
Mtl. L., H. & P.	3½	'56	101	104	101
Do.	3½	'73	...	...	96½
†Mtl. Tramways	5	'41	98½	101½	97½
†Do.	5	'55	74	77	73
Nat. Lt. & Pwr.	6	'49	95½	98½	95
N. S. Lt. & Pr.	4	'57	100½	103½	99½
‡Ottawa Light Heat & Pwr.	4	'57	101½	104½	100½
†Ottawa V. Pwr.	5½	'70	105½	108½	105½
†Power Corp.	4½	'59	103	106	101½
Quebec Power	4	'62	98	101	97
§Saguenay Pr., A	4½	'66	104½	107½	103½
Do., B	4½	'66	104	107	103
Shaw. W. & Pr.	4	'61	101½	104½	100½
Union Gas	4½	'50	101	104	100½
Wpg. El. Ser. A	4	'65	64	67	63½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	69	72	67½
Acadia Sugar	4½	'55	101½	104½	101
†Alta. Pa. Grain	6	'46	89½	92½	89½
Atlantic Sugar	4	'51	99½	102½	99
B. A. Oil	4	'45	103	106	103
†B. C. P. & Pap.	6	'50	81	84	84
§Brown Co.	5½	'46	57½	60½	57½
†Burns & Co.	5	'58	58	61	58
Canada Bread	6	'41	107½	110½	107½
Canada Cement	4½	'51	103	106	102½
Canada Paper	4½	'52	98½	101½	98½
Can. Steamship	5	'57	82½	85½	82½
Candn. Canners	4	'51	100	103	99½
‡Can. Int. Paper	6	'49	99	102	98½
‡Candn. Vickers	6	'47	95½	98½	95½
C. P. R.	3½	'51	89	92	89½
Do.	4	'49	92	95	92½
Do.	4½	'44	95	98	95
Do.	6	'42	103½	106½	103
Do., debs.	4 perp.		82	85	82
†Consol. Paper	5½	'61	54	57	53½
Dom. Coal	4½	'52	102½	105½	102½
▲Dom. Stl. & C.	6½	'55	101	104	102
Dom. Tar	4½	'51	101	104	100½
†Donnacona P.	4½	'56	79	82	77
Famous Players	4½	'51	97½	100½	97½
†Federal Grain	6	'49	93½	96½	93
†Fraser Cos.	6	'50	99½	102½	100
Gen. Stl. Wares	4½	'52	96	99	96
‡Great Lakes P.	5	'55	89	92	89
†Gypsum, Lime.	5½	'48	99½	102½	98½
Ham. By-Pr. C.	5	'55	100	103	100
Inter-City Bak.	5½	'48	102½	...	102
‡Inter. P. & P. Nfld.	4½	'88	100½	103½	99½
Lake St. John P. & P.	5½	'61	91	94	90½
Maple Leaf M.	5½	'49	49	52	43
†Massey-Harris	5	'47	99½	102½	99½
†McColl-Fron.	4½	'49	98	101	98
McCormick's	4	'52	81	84	84
‡M. & O. Paper	6	'45	40	43	38
Nat. Grocers	4	'47	101½	104½	100
†N.S. Stl. & C.	3½	'63	75	78	76
Price Bros.	5	'57	97	100	95½
‡Prov. Paper	5½	'47	101	104	101
†Restigouche Co.	6	'48	97½	100½	96½
Rolland Paper.	4½	'51	102	105	102
Simpsons Ltd.	4½	'51	99	102	98
Smith, Howard	4½	'51	102	105	102
†Steel of Can.	6	'40	108	111	108
‡United Gas	5½	'48	102	105	102
United Gr. Grs.	5	'48	92½	95½	90
†Western Gr.	6	'49	36	40	35

‡ Payable in Canada or U.S.
† Payable in Can., U.S. or U.K.
▲ Payable in Can. or U.K.
§ Payable in U.S. only.

Winnipeg Stocks

(Transactions from Oct. 17 to Oct. 22)

	Sales	High for period	Low for period	Close Oct. 22
Central Man.	6,000	.04½	.04½	.04½
Dom. Envel., p.	2	97.25	97.25	97.25
Fed. Grain, p.	5	24.50	24.50	24.50
Flin Flon	13,200	.04	.03	.03½
Gurney Gold	18,850	.21	.16	.21
Northern Mtge.	10	2.00	2.00	2.00
Ore Grande	1,500	.02½	.02½	.02½
Sachigo R.	142	19.00	18.00	18.00
Star Lake	63,800	.03	.01½	.02½
Sunbeam K.	1,500	.39	.35	.39
Traders Bldg.	8	82.00	82.00	82.00
United Grain	37	6.50	6.50	6.50
West. Steel	46	9.00	8.50	8.50
Wingold	5,700	.03½	.02½	.02½
Wings	900	.35	.35	.35

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Cres. Cream., pf.	...	12
Home Investment	...	20¼
Nor. Can. Mtge., p.	3	...
Western Brew.	1⅝	2¼

*Stocks more active on other exchanges not included.

Municipal Bonds

Oct. 25, 1938

†Halifax	5	1961	113.00	115.00	4.00
Hamilton	5	1950	109.60	111.10	3.80
Montreal	5	1945	104.00	105.50	4.01
Ottawa	4½	1945	108.50	110.00	2.85
†Quebec	5	1959	106.00	107.50	4.45
Saint John	5	1950	107.00	108.50	4.12
†Toronto	4½	1955	112.50	114.50	3.35
†Vancouver	5	1950	87.00	90.00	6.23
Winnipeg	5	1944	97.00	100.00	5.00

†Payable Can. and N.Y.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Oct. 25, 1938

	Bid	Asked
Do., pfd.	32.00	37.[illegible]
Sec's. Hold. Corp., pfd. bon.	17.00	18.[illegible]
United Corp. Ltd., A	20.00	21.5[illegible]
Do., B	11.25	12.[illegible]
Power Issues:		
Can. West. Nat. Gas, com.	24.00	27.[illegible]
Do., pfd.	93.50	96.[illegible]
Great Lakes Power, pfd.	99.00	102.[illegible]
Inter. Util., $7 pfd.	86.00	...
Montreal Island Power, pfd.	19.00	20.[illegible]
Northern Ont. Pwr., pfd.	95.00	100.[illegible]

Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines
Oct. 25	34,400	127,900	839,000
Oct. 24	38,100	77,100	841,000
Oct. 22	23,900	57,000	561,000
Oct. 21	39,100	66,400	685,000
Oct. 20	26,600	93,300	703,000
Oct. 19	37,700	101,000	838,000

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.60	4.[illegible]
Can. Inv. Fund, ex-div.	4.05	4.[illegible]
Trans-Canada	12.20	13.[illegible]
Grouped Income	5.23	[illegible]
Can. Int. Tr., modified	5.00	[illegible]
Do., unmodified	4.50	[illegible]

Mining Stocks

Oil Quotations

Vancouver Stock Exchange

Unlisted Mines

TORONTO
October 25, 1938

MONTREAL
October 25, 1938

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

	Oct. 25, 1938		Bid	Asked	Approx. Yld.
2	1 Jan.	'39	100.50	101.25	...
1	1 June	'39	99.75	100.25	.60
2	15 Nov.	'39	100.50	101.00	1.07
2½	15 Oct.	'39	101.00	101.50	1.00
4	15 Oct.	'39	102.25	102.75	1.22
1½	1 June	'40	100.00	100.50	1.20
4½	1 Sept.	'40	105.12	105.62	1.36
1	15 Mar.	'41	98.87	99.37	1.27
5	15 Nov.	'41	109.12	109.62	1.74
2	1 June	'42	100.75	101.25	1.65
3	15 Oct.	'42	104.12	104.62	1.80
2½	1 June	'43	102.37	102.87	1.85
5	15 Oct.	'43	112.75	113.25	2.16
2	1 June	'44	100.00	100.50	1.90
2¼	15 Jan.	'44	102.12	102.87	▲1.55
4½	15 Oct.	'44	111.75	112.25	2.30
2½	15 Nov.	'44	101.87	102.37	2.08
2½	15 Aug.	'45	102.75	103.50	▲1.75
4	15 Oct.	'45	108.12	108.62	▲2.16
4½	1 Feb.	'46	112.00	112.50	2.60
3¼	1 June	'49	102.50	103.00	▲2.81
3½	15 Oct.	'49	104.00	104.50	▲2.68
3¼	15 Nov.	'51	102.00	102.50	▲2.96
5	1 May	'52	111.62	112.37	▲1.36
4	15 Oct.	'52	108.00	108.50	▲2.92
3	1 June	'55	99.12	99.62	3.03
4½	1 Nov.	'56	110.50	111.50	▲2.95
4½	1 Nov.	'57	110.75	111.75	▲3.00
3	1 June	'58	98.12	98.62	3.09
4½	1 Nov.	'58	112.00	112.50	▲3.04
4½	1 Nov.	'59	112.37	112.87	▲3.11
4	1 Oct.	'60	110.50	111.25	▲2.88
3¼	15 Jan.	'61	103.50	104.25	▲2.94
3¼	1 June	'66	100.50	101.00	3.18▲
3	15 Jan.	'67	99.25	100.00	3.00
3	Perp. bonds		91.00	91.75	3.27

Dominion Guaranteed Bonds

Canadian National Railway:

			Bid	Asked	Yld.
2	15 Jan.	'42	100.50	101.50	1.52
2	15 Feb.	'43	99.75	100.75	1.81
3	1 May	'44	103.25	104.25	2.18
3	15 Dec.	'50	98.75	99.75	3.02
3	15 Feb.	'53	98.00	99.00	3.09
4½	1 Sept.	'51	115.00	116.00	3.00
4½	1 Feb.	'56	115.50	116.50	3.25
4½	1 July	'57	115.25	116.25	3.34
4¾	15 June	'55	117.75	118.75	3.30
5	1 Feb.	'54	118.75	119.75	3.35
5	1 July	'69	116.50	117.50	▲2.50
5	1 Oct.	'69	119.50	120.50	▲3.16
5	1 Feb.	'70	119.50	120.50	▲3.21

Provincial Government Bonds

			Bid	Asked	Yld.
New Brunswick:					
3	15 Oct.	'51	91.00	92.00	3.79
3½	15 June	'56	95.00	96.00	3.81
4	15 Nov.	'47	102.00	103.50	▲3.43
4½	15 Apr.	'61	104.50	106.00	4.09
5	15 Jan.	'60	109.00	110.50	4.25
Nova Scotia:					
3	2 Jan.	'52	95.00	96.00	3.37
3¼	1 June	'56	97.50	98.50	3.36
3½	15 Dec.	'49	100.00	101.00	3.40
4½	15 Sept.	'52	109.00	110.00	▲3.20
4½	15 Nov.	'60	111.00	112.00	3.70
5	1 Mar.	'60	117.00	118.00	3.77
Ontario:					
2½	15 May	'45	100.50	101.50	2.25
3	1 Dec.	'51	98.25	99.25	3.07
3¼	15 Nov.	'51	100.50	101.50	▲3.09
4	1 June	'62	108.50	109.50	3.42
4½	1 June	'50	112.00	113.00	3.19
4½	15 Jan.	'62	115.50	117.00	3.44
5	15 Oct.	'48	115.25	116.25	3.10
5	2 Dec.	'60	122.00	124.00	3.46
5½	1 July	'46	116.50	117.50	2.96
Ont. Hydro Comm.:					
3	1 Aug.	'48	98.50	99.50	3.05
3¼	1 Feb.	'53	99.75	100.75	▲3.17
3½	1 Apr.	'47	103.00	104.00	2.96
Prince Edward Island:					
3	1 Oct.	'45	99.00	101.00	2.85
Quebec:					
3	1 Nov.	'51	96.00	97.00	3.29
3¼	1 Mar.	'48	99.00	100.00	3.25
3¼	1 June	'52	98.00	99.00	3.34
4	15 Mar.	'52	105.50	107.00	3.35
4¼	1 Aug.	'58	109.00	111.00	3.48
4½	2 Jan.	'63	111.50	113.00	3.69
Alberta:					
4	15 Dec.	'54	55.50	59.50	§
4½	1 Oct.	'51	61.00	65.00	§
4½	1 Oct.	'56	57.50	61.50	§
5	1 Oct.	'59	60.25	64.25	§
5½	1 Apr.	'52	63.25	67.25	§
6	1 Mar.	'47	64.50	68.50	§
British Columbia:					
4	1 Dec.	'57	90.25	93.25	4.53
4½	15 Jan.	'51	96.50	99.50	4.55
4½	1 Oct.	'53	96.00	99.00	4.59
5	25 Apr.	'54	99.75	102.75	4.75
5½	1 Feb.	'45	101.25	104.25	4.71
6	15 Feb.	'47	104.25	107.25	4.92
Manitoba:					
4	1 Dec.	'57	84.50	88.50	4.92
4½	15 Dec.	'56	89.00	93.00	5.09
5	2 Dec.	'59	95.25	99.25	5.06
5½	1 Oct.	'55	97.00	101.00	5.41
6	1 Apr.	'47	99.50	103.50	5.47
Saskatchewan:					
4	1 Nov.	'60	70.00	74.00	6.17
4½	1 Oct.	'51	79.00	83.00	6.45
4½	15 Mar.	'60	74.50	78.50	6.35
5	1 Aug.	'58	81.00	85.00	6.34
5½	1 Oct.	'52	85.00	89.00	6.72
6	15 Mar.	'52	87.25	91.25	7.02

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ‡Callable on or after Sept. 15, 1936. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg pf.	1.37½c	Nov. 1	Oct. 15
Aluminium, pf.	$1.50	Dec. 1	Nov. 15
Anglo-Can. Tel., p.	68¾c	Nov. 1	Oct. 15
Assoc. Tel., 1st pf.	49c	Nov. 15	Nov. 1
Do., $6 pref.	42c	Nov. 15	Nov. 1
Bk. of Montreal	$2	Dec. 1	Oct. 31
Blue Ribbon, pfd.	50c	Nov. 1	Oct. 27
Beatty Bros. 1st pf.	$1.50	Nov. 1	Oct. 15
Buffalo Ank.	25c	Nov. 15	Nov. 1
B. C. Tele., 2nd pf.	$1.50	Nov. 1	Oct. 17
Bk. of Toronto	$2.50	Dec. 1	Nov. 15
Can. Indus., A & B	$1.25	Oct. 31	Sept. 30
Can. Bk. of Comm.	$2	Nov. 1	Sept. 30
Can. Bronze	37½c	Nov. 1	Oct. 20
Do., pref.	$1.25	Nov. 1	Oct. 20
Calgary & Edm.	8c	Dec. 15	Nov. 15
Can. Investors	10c	Nov. 1	Oct. 18
Crown Cork	25c	Nov. 15	Oct. 31
Calgary Power pf.	$1.50	Nov. 1	Oct. 15
Cons. Press A	15c	Nov. 1	Oct. 15
Can. & Dom. Sugar	37½c	Dec. 1	Nov. 15
Do., extra	25c	Nov. 1	Oct. 20
Coast Brew.	3c	Nov. 1	Oct. 13
C'monwealth Int'l.	4c	Nov. 15	Oct. 15
Can. Inv. Fd., sp. & ord.	3c	Nov. 1	Oct. 15
Cosmos Imp.	25c	Nov. 15	Oct. 31
Do., pref.	$1.25	Jan. 14	Dec. 31
Canadian Oil, pf.	$2	Jan. 2	Dec. 20
Do., com.	12½c	Nov. 15	Nov. 1
Distillers-Seag., pf.	$1.25	Nov. 1	Oct. 21
Dom. & A. Inv., p.	$1.25	Dec. 1	Nov. 15
Do., arrears	$1.25	Dec. 1	Nov. 15
Dom. Bridge	30c	Nov. 15	Oct. 31
Dominion Tar, p.	$1.37½	Nov. 1	Oct. 12
Eastern Trust	$2	Oct. 1	Sept. 20
Easy Washing, pf.	35c	Nov. 1	Oct. 22
1st All Can. Tr. (1945)	9c	Oct. 15	Oct. 15
Gunnar Gold	3c	Nov. 15	Oct. 31
Gurd., Chas., pfd.	$1.75	Nov. 15	Nov. 1
Hollinger Cons.	5c	Nov. 4	Oct. 21
Do., extra	5c	Nov. 4	Oct. 21
Howey Gold	4c	Dec. 1	Oct. 31
Humberstone Shoe	25c	Nov. 1	Oct. 21
Imperial Bank	$2.50	Nov. 1	Sept. 30
Int. Utilities, pf.	$1.75	Nov. 1	Oct. 21
Do., $3.50 pf.	87½c	Nov. 1	Oct. 21
Inter. Nickel, pfd.	$1.75	Nov. 1	Oct. 4
Inter. Metal, pf.	$1.50	Nov. 1	Oct. 15
Do., pfd. A	$1.50	Nov. 1	Oct. 15
Kirk. Lake G.	4c	Dec. 1	Oct. 31
Do., extra	2c	Dec. 1	Oct. 31
Leitch Gold	▲2c	Nov. 15	Oct. 31
McIntyre Porc.	50c	Dec. 1	Nov. 1
Mtl. L. H. & Pr.	37c	Oct. 31	Sept. 30
Mtge. Corp. of N. S.	$1.75	Nov. 1	Oct. 24
Neon Prod. W. Can. pfd.	$1.50	Nov. 1	Oct. 15
Ottawa Car	†$1	Oct. 29	Oct. 22
Orange Crush, pf.	35c	Nov. 1	Oct. 15
Penmans	75c	Nov. 15	Nov. 5
Do., pref.	$1.50	Nov. 1	Oct. 21
Pamour Porc.	▲12c	Nov. 1	Oct. 14
Quebec Power	25c	Nov. 15	Oct. 25
Royal Bank	$2	Dec. 1	Oct. 31
Regent Knit., pf.	40c	Dec. 1	Nov. 15
Shawinigan W. & P.	20c	Nov. 15	Oct. 26
Saguenay Pr., pf.	$1.37½	Nov. 1	Oct. 14
San Antonio G.	7c	Nov. 5	Oct. 20
Sec. Std. Rylts., p.	1c	Nov. 1	Oct. 15
Steel of Can.	43¾c	Nov. 1	Oct. 7
Do., pref.	43¾c	Nov. 1	Oct. 7
South Can. Pr. c.	20c	Nov. 15	Oct. 31
St. Law. Flour	25c	Nov. 1	Oct. 20
Do., pref.	$1.75q	Nov. 1	Oct. 20
Simpsons, pfd.	$1.25	Nov. 1	Oct. 25
Robt. Simpson, pf.	$3	Nov. 1	Oct. 17
Texas Can. Oil	6c	Nov. 30	Oct. 15
Toburn Gold	2c	Nov. 22	Oct. 21
Do., extra	2c	Nov. 22	Oct. 21
United Corp., A	37c	Nov. 15	Oct. 31
Union Gas	20c	Dec. 15	Nov. 21
West. Cl Hydro, p.	■13½c	Oct. 26	Oct. 17
Willson Sta. & E., p.	$1.25	Oct. 15	Sept. 30
Wood, A. & J., pf.‡	$1.75	Nov. 1	Oct. 19
Zeller's, pref.	37½c	Nov. 1	Oct. 15

▲Initial. †Interim. ‡Arrears.
■Initial covering period from July 1 to Aug. 31, 1938.

Flour Export Outlook Viewed as Discouraging

Shareholders of Maple Leaf Milling Co. were told at the annual meeting of the company that little work had been done yet on drafting a plan of reorganization and there was nothing to reveal at that time. The present arrangement expires on Dec. 1, 1938.

D. C. MacLachlan, president, saw little prospect for the restoration of Canada's former position in the export of flour.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 302

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after THURSDAY the FIRST day of DECEMBER next, to Shareholders of record at close of business on 31st October, 1938.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY, the FIFTH day of DECEMBER next.

The Chair to be taken at noon.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 18th October, 1938.

The Canadian Bank of Commerce

Dividend No. 207

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st October, 1938, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st November next, to shareholders of record at the close of business on 30th September, 1938. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.

Toronto, 23rd September, 1938.

Kirkland Lake Gold Mining Company, Limited

(No Personal Liability)

Dividend No. 8

A semi-annual dividend of four cents per share and a special dividend of two cents per share (making a total of six cents per share) on the outstanding capital stock of the Company, has been declared, payable December 1st, 1938, to shareholders of record October 31st, 1938.

The Canadian five per cent tax will be deducted from dividends paid to non-residents.

By Order of the Board,
H. F. CASSIDY,
Secretary-Treasurer.

Toronto, October 12th, 1938.

Blue Ribbon Corporation Limited

NOTICE is hereby given that a dividend of Fifty Cents (50c) per share on the Preferred Shares of the Company has been declared payable on and after the first day of November, 1938, to the holders of preference shares of record at the close of business on the 27th day of October, 1938.

DATED AT TORONTO this 20th day of October, 1938.

J. C. JAMIESON, Secretary.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of Twenty cents (20c) per share has been declared on the no par value common shares of the Company for the quarter ended September 30th, payable November 15th, to shareholders of record October 26th, 1938.

By order of the Board.
H. G. BUDDEN,
Secretary and Asst.-Treasurer.

Montreal, October 19, 1938.

GUNNAR GOLD MINES LIMITED

(No Personal Liability)

DIVIDEND NO. 3

Notice is hereby given that a dividend of three cents per share has been declared on the outstanding Capital Stock of the Company, payable November 15th, 1938, to shareholders of record October 31st, 1938.

By order of the Board.
B. E. KEARNS,
Secretary-Treasurer.

Toronto, October 19th, 1938.

THE Calgary & Edmonton Corporation Limited

Notice is hereby given that a dividend of eight cents per share has been declared payable 15th December, 1938, to shareholders of record at the close of business on the 15th November, 1938. The Transfer books of the Corporation will be closed from the close of business on the 15th November, 1938, to the opening of business on the 1st December, 1938.

Holders of stock not registered in their names should effect registration before the closing of the books.

BY ORDER OF THE BOARD,
C. E. REECE,
SECRETARY.

Dated at Winnipeg, this 19th day of October, 1938.

Loblaw Groceterias Co., Limited

NOTICE is hereby given that a quarterly dividend of 25 cents per share and a bonus of 12½ cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share and a bonus of 12½ cents per share on the Class "B" shares of the Company have been declared for the quarter ending November 30th, 1938, payable on the 1st day of December, 1938, to shareholders of record at the close of business on the 10th day of November, 1938. Payment will be made in Canadian funds.

JUSTIN M. CORK,
Secretary.

Toronto, October 25th, 1938.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Flour Exports Show Increase

On Upgrade First Time in Months — Wheat Jumps

For the first time in many months Canadian exports of flour showed considerable improvement in September. Total of over 319,000 barrels was well above the previous month and more significantly also above the same month a year ago. This is due to the fact that the much larger wheat crop in western Canada this year makes raw material more plentiful for Canadian millers.

Moreover there is no premium on this raw material over world prices this year whereas throughout most of 1937 Canadian hard wheat was so scarce that foreign millers were prepared to pay premiums ranging up to 50 cents a bushel.

See Big Gain

A substantial gain is anticipated in exports of flour provided no unexpected development occurs.

Values, however, have been getting lower September shipments averaging $3.85 per barrel as compared with over $6 a year ago and $4.43 in August.

Wheat Exports Soar

As was to be expected wheat exports in September showed sharp gains well over 12 million bushels being exported as compared with less than six for the same month a year ago. This was about double the August, 1938 exports. Prices, however, have shown a sharp slump, average of 66 cents a bushel last month comparing with almost double for September, 1937.

Details as supplied by the Dominion Bureau of Statistics are as follows:

Flour Exports

September:	Quantity Barrels	Value $	Average Export Price $
1935	395,640	1,489,257	3.76
1936	378,318	1,599,748	4.22
1937	306,655	1,855,488	6.05
1938	319,739	1,230,963	3.85
Aug., 1938	**286,270**	**1,269,152**	**4.43**
12 Mos. end. Sept.:			
1935	4,741,103	18,109,740	3.82
1936	4,972,761	20,321,950	4.08
1937	4,354,882	23,861,401	5.47
1938	3,620,402	19,562,158	5.40

Wheat Exports

September:	Quantity Bushels	Value $	Average Export Price $
1935	17,272,672	14,669,993	0.84
1936	20,720,316	20,582,258	0.99
1937	5,903,060	7,507,277	1.27
1938	12,614,858	8,410,294	0.66
Aug., 1938	**6,266,055**	**5,670,536**	**0.90**
12 Mos. end. Sept.:			
1935	151,047,832	122,510,256	0.81
1936	234,926,277	199,338,696	0.84
1937	145,428,603	173,573,910	1.19
1938	83,146,481	91,358,285	1.09

Can. Bakeries Profit Better

Improvement Shown By Maple Leaf Controlled Company

Improvement was shown in operations by Canadian Bakeries Ltd. for the year ended Aug. 31, with net profit amounting to $22,800, as compared with $9,042 in the previous year.

Net earnings of $151,224 were shown for the year, against $121,512 in the previous year.

In the annual report R. W. Ward, president, stated that excellent crop conditions in Alberta and improved conditions in Saskatchewan and the general betterment in the West should place the company in a more favorable position in the current year.

In Oct., 1937, a plant was opened at Trail, B. C. by the company, which extended its activities into the interior of that province. Results are termed gratifying by the president.

The company is controlled by Maple Leaf Milling Co.

Income and Surplus Account
For Year Ended Aug. 31

	1938 $	1937 $
Operating profit	172,166	138,873
Add: Other income	4,296	7,137
Less: Other charges	5,411	4,451
Directors' fees	900	900
Exec. remun.	18,750	18,750
Legal fees	177	397
Net earnings	151,224	121,512
Less: Depreciation	77,215	66,605
Bond interest	37,833	39,627
Income taxes	13,376	6,238
Net profit	22,800	9,042
Less: Prev. deficit	189,890	198,932
Deficit forward	167,090	189,980

Working Capital

	1938 $	1937 $
Current assets	335,336	297,278
Current liabilities	97,438	61,340
Working capital	237,898	235,938

Commodities

Aside from purely Canadian agricultural lines commodity prices continue steady to firm. Most indices have recorded fractional gains. The Canadian list, however, has been disturbed by further weakness in wheat, cattle and hogs with a substantial decline in the price of cattle. Copper has been steady, cotton firmer, rubber slightly easier. Recent rise in silk prices has continued and in view of disturbed Oriental conditions further gains are anticipated.

	Latest week	Previous week	Same week last yr.
Cattle	$6.00	$6.65	$9.50
Hogs	8.35	8.85	9.25
Copper, lb.	.11¼	.11¼	.13
Cotton, lb.	.0875	.0855	.0834
Rubber, lb.	.1690	.1716	.1588
Sugar, raw, lb.	.0310	.0310	.0320
Silk, lb.	1.88½	1.84½	1.75½
Wheat, Man. (bus.)	.62⅛	.63½	1.46⅝
Coffee, lb.	05½	.05½	.09
Hides	.13	.13	.13½

Weekly Indices

Canada (D.B.S.)	74.3	74.2	84.7
Do., Wood, Gundy	57.9	56.8	69.2
U. S. Labor	77.7	77.8	85.2
Dow Jones (future)	49.08	48.55	55.87
Crumps (Brit.)	72.6	72.7	80.4
Fisher's	79.9	80.3	89.3

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)	84.1	84.9	83.6
Retail (Sept.)	74.5	76.0	85.0
W'sale (Sept.)	78.1	78.8	87.5
U. S. (Aug.)	100.6	100.7	111.5
Gt. Brit. (July)			

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York: Silk — Japanese, 13-15 New York: Sugar — 96 degrees centrifugal c/f New York: Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides — No. 1 packer light.

Week in Wheat

Large European Buyers Wait Crop Developments

But Sellers Here Loath to Take Lower Prices — Improvement in Australia and Argentine Offsetting Damage to American Winter Wheat

From Our Own Correspondent

WINNIPEG. — Continuance of favorable weather conditions in the Argentine and recent rains in former drought areas of Australia have more than offset crop damage reports in United States. Liverpool buyers have been reluctant to make large commitments, awaiting apparently, further information regarding prospects in the Southern Hemisphere. Wheat crops in these areas are now through most of the critical spring weather but lack of rain in the weeks immediately ahead might seriously reduce future supplies. However, there is little evidence yet that such a lack may develop.

United States winter wheat conditions continue only poor to fair. Moisture is lacking over wide areas and there has been considerable frost and wind injury in the south. Fall moisture is also deficient over a large section of the Canadian and American spring wheat belt.

Net result of these conditions is that sellers on this side of the Atlantic are loath to accept much lower prices while European buyers prefer to curtail offers until something more definite is learned about the growing crop situation.

Deliveries Pass Peak

Primary movement of Canadian wheat from farm to country elevator now has passed its season peak and visible is rising much more gradually than a few weeks ago. Total in commercial storage at the end of the third week in October was slightly less than 175 million bushels compared with 171 the week previous and 80 millions a year ago. At the height of the delivery season in mid-September weekly deliveries amounted to almost 32 million bushels. Total country deliveries this season are estimated at close to 200 million bushels or probably more than three quarters of the total crop after feed and seed requirements have been retained at home.

* * *

Good Exports

Of more significance than heavy deliveries have been unusually heavy exports. Last week clearances of this kind reached well over eight million bushels, easily the best showing this season. Recent average has been in the neighborhood of five million bushels weekly. If continued at this rate until Argentine marketing becomes a major factor late next winter, then Canada should sell 100 million bushels abroad, which, added to domestic milling needs, would leave a carryover next August 1 of considerably less than 150 million bushels. Normal carryover is around 50 millions. Last August it was much below this, but in the "holding" years between 1930 and 1935 it ranged around 200 millions.

* * *

Corn Versus Wheat

Roumanian wheat is now being offered under corn prices in Great Britain. If this practice is continued it may have a most important bearing on future wheat marketings.

Normally corn and wheat are not at all competitive in Europe. One is used almost exclusively for livestock feeding, the other reserved for human consumption in those countries with a high standard of living. If wheat for any length of time actually undersells corn, then assuredly it will find its way into poultry, cattle and hog feeds, and much of our present apparent surplus may quickly disappear.

On this continent farmers for a generation have switched from corn to wheat for livestock feeding whenever price differential was favorable. For certain types of livestock, notably poultry, and in definite percentages, wheat makes quite satisfactory feed.

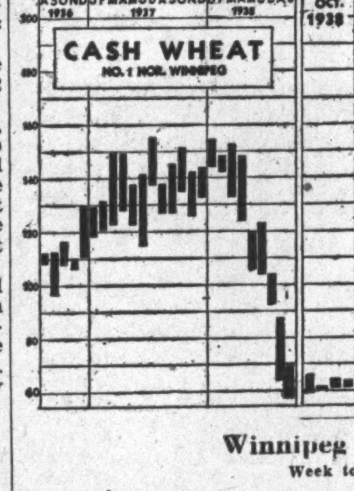
* * *

Seed at Minimum Price

The Canadian Wheat Board has announced that it will sell seed wheat to farmers on exactly the same terms as it has had to purchase this wheat. This means a level based on the Government 80-cent minimum. Farmers who had crop failures last season are objecting strenuously to paying this price, which is from 18 to 20 cents above the regular market.

If the Board adopted any other method, however, undoubtedly many farmers would unload every bushel on the Board at 80 cents and buy back their seed requirements at 60. Indeed the Board has already been forced to adopt measures to prevent double selling and bootlegging of wheat from United States. So long as there is a high artificial buying price there are bound to develop unusual situations.

Wheat Prices



(Cash Quotations)

	For Week Oct. 25 High	Low	Prev. Week High	Low
1 Hard	.63⅞	.61¾	.63⅜	.62⅛
1 Northern	.63⅜	.61¼	.63¾	.61⅝
2 Northern	.59⅜	.57¼	.59¾	.57⅞
3 Northern	.57⅛	.54⅝	.57¾	.55⅝
4 Northern	.50⅛	.47⅝	.50¾	.48⅛
5 Wheat	.44⅛	.42⅛	.44¼	.42⅝
6 Wheat	.37⅛	.35⅛	.37¼	.35⅝
Feed Wheat	.36⅛	.34⅛	.36¼	.34⅝

Competitive Export Prices: Oct.-Nov. shipments:

	Week to Oct. 25 High	Low
No. 1 North. (Van.)	.81⅞	.81⅛
No. 3 North. (Atlan.)	.76⅝	.75⅛
No. 2 U. S. Yellow‡	.69¼	.63⅛
Australian (afloat)	.77¼	.75⅛
U. S. White Pac. (afloat)	.73	.72¼
Rumanian	.52⅝	.51½
French	.56⅜	.55¼

‡ Hard winters.

Winnipeg Grain Futures

Week to Oct. 25, 1938

Crop year from Aug. 1, 1938 High	Low		Open Oct. 19	High for week	Low for week	Close Oct. 25	Close year ago
		Wheat					
.77⅝	.56⅞	Oct.	.61⅛	.62⅛	.59½	.60⅛	1.24⅝
.77¼	.57⅛	Nov.	.60½	62	.59⅜	.59¾	1.22¾
.76⅝	.56½	Dec.	.59¾	.61½	.58⅞	.59½	1.18¾
.79⅛	.60¼	May	.63⅛	.64⅞	.62¼	.62⅝	1.16¼
		Oats					
.32⅞	.26⅞	Oct.	.28⅜	.28⅞	.27⅞	.27⅞	.53⅛
.31½	.25¾	Dec.	.27	.27⅞	.27	.27⅛	.47⅝
.33¼	.28	May	.28½	.29¼	.28¼	.28⅜	.45½
		Barley					
.45	.32⅝	Oct.	.37⅜	.37⅜	.35⅞	.35⅞	.61¾
.44⅛	.33⅛	Dec.	.36	.36⅛	.35½	.35½	.59¾
.44⅝	.34⅜	May	.37⅛	.37¼	.36⅜	.36⅜	.59
		Flax					
1.43⅜	1.27	Oct.	1.32	1.34	1.32	1.33	1.80
1.41½	1.25¼	Dec.	1.27½	1.30½	1.27½	1.28¼	1.78½
1.35¼	1.29¾	May	1.30	1.31	1.30	1.30	1.78¾
		Rye					
.46½	.36	Oct.	.....	.41½	.40	.41⅜	.83¼
.47⅞	.36⅜	Dec.	.40⅛	.41⅜	.39½	.40¼	.82
.47⅝	.39⅛	May	.42	.43½	.41½	.42⅛	.82⅝

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Mills at
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Vice President: HUGH MACKAY, K.C.
Directors: C. H. G. SHORT, JOHN W. HOBBS, HUGH MACKAY, K.C., WALTER MOLSON, ISAAC PITBLADO, K.C., R. W. REFORD, J. W. PYKE, PAUL F. SISE, G. W. ALLAN, K.C., J. H. PILLMAN, FRANK S. MEIGHEN, C.M.G., RT. HON. LORD SHAUGHNESSY, K.C.
Secretary: D. A. MacINNES — Treasurer: R. R. HUTCHISON

Western Canada Sales Improved

Long Range Prospects for Milling Companies More Encouraging

Following the poor year ended July 31, 1938, total sales of Western Canada Flour Mills have shown an increase of 15% in the first two months of the current fiscal year, over those of the corresponding period in the previous year.

The milling industry in Canada has passed through one of the most difficult ones in its history in the year just passed, but officials of the company regard long range prospects for the flour business as encouraging.

Subsidizing of flour export in the U. S. and Australia is regarded as a distinctly unfavorable development, offset to some extent, however, by preferential tariff on the U.K. market, and the superiority of hard Canadian wheat for mixing purposes.

Exporting Hit

In the final analysis the company's and the industry's prosperity depends upon the export market, and recent experiments in totalitarian states, which were formerly good customers has hit hard at the export business. Anything approaching normality in consumption by these nations would brighten the outlook considerably.

Another factor that has affected export is the virtual closing of the door to trade with China, also a substantial buyer in the past.

Price cutting in the salt business in which the company is interested in the past few years has brought considerable losses to the organization. Now, however, a "rationalization" of prices has been achieved, which will mean that the company will not be called on to absorb losses in this field.

G. R. Cottrelle was elected to the board of directors at the annual meeting to fill the vacancy caused by the death of R. G. O. Thomson.

EST. 1857
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PRAIRIE MOISTURE

Western wheat growers continue to be rather alarmed over deficiency of fall moisture. In Manitoba little more than a few sprinkles have fallen this fall as compared with very generous rains a year ago. The situation has improved recently in Saskatchewan where rainfall from Sept. 1 to late in October has been almost equal to normal though slightly behind a year ago. In Alberta conditions are not quite as favorable.

Maple Leaf Milling Company Limited

(A Company incorporated under the Ontario Companies Act)
and its wholly owned subsidiaries

CONSOLIDATED BALANCE SHEET as at 31st July, 1938

ASSETS

Cash on hand and in banks		$ 58,006.02
Accounts and Bills Receivable:		
Trade	$1,193,212.06	
Controlled companies—current accounts	62,002.03	
	$1,255,214.09	
Less reserve for doubtful accounts	88,972.57	1,166,241.52
Inventories of merchandise and materials as determined by the management on the company's usual basis of valuation namely:		
Hard wheat and hard wheat flour (both fully hedged) at not more than market value of wheat and cost of milling	$ 958,605.34	
Coarse grains, cereals, feeds, bags and other products and materials, at the lower of cost or market value	610,061.15	1,568,666.49
Deferred charges and other payments carried forward		148,583.47
Advances to controlled companies, less reserve		96,919.47
Investments in shares of controlled companies (less amounts written off)	$1,743,661.11	
Other investments, mortgages, exchange seats and properties acquired, held for sale, less reserve	201,236.50	1,944,897.61
Fixed assets, at appraised depreciated values as appraised by Canadian Appraisal Company Limited as of 15th June, 1929, plus additions at cost:		
Real estate, plant and equipment	$6,357,989.36	
Less reserve for depreciation	1,441,935.56	
	$4,916,053.80	
Leases and contracts (less amounts written off)	725,000.00	
Trucks and automobiles at cost less depreciation	65,701.52	5,706,755.32
Inventories of repair parts, less reserve		51,158.36
Trade marks and goodwill		300,000.00
Contingent liabilities: (1) For possible additional taxes in respect of prior years. (2) Guarantee of quarterly dividends on preferred shares of Eastern Bakeries Limited to 15th January, 1944, not exceeding $13,000 per annum.		
		$11,041,228.26

LIABILITIES

Current bankers' advances (secured)	$2,158,015.45	
Bills receivable under discount	154,885.61	
Owing for purchases of grain (secured)	266,031.05	
Accounts and wages payable and accrued charges	306,334.06	
Taxes payable and accrued	21,851.16	$ 2,907,117.33
*Deferred bankers' advances (secured)		1,966,300.00
*First mortgage 5½% bonds due 1949	$5,000,000.00	
Deduct redemptions	379,500.00	
	$4,620,500.00	
Bond interest accrued	42,354.60	4,662,854.60
The Campbell Flour Mills Company Limited 5½% first mortgage bonds due 1949 — $1,100,000.00		
Hedley Shaw Milling Company Limited 5½% first mortgage bonds due 1949 — 750,000.00		
(Pledged to secure the above $5,000,000 first mortgage bond issue)		
Capital—		
Authorized— 100,000 Class "A" participating preferred shares of no par value redeemable at $17.50 per share and entitled to a dividend of 70c per share per annum cumulative after 1st December, 1938. 300,000 common shares of no par value. 3 management shares of no par value.		
Issued—		
88,827 Class "A" shares at $14 per share	$1,243,578.00	
250,100 common shares at $1 per share	250,100.00	
3 management shares at $1 per share	3.00	
Accrued provision for the issue of Class "A" shares to bankers on 1st December, 1938	14,793.28	
	$1,508,474.28	
Less stated value of shares held by subsidiaries	20,459.80	1,488,014.48
Surplus, including surplus arising from reduction of capital, less amounts written off assets, etc.		16,941.85
		$11,041,228.26

*Note: Under agreements with bankers and the trustee for the bondholders, a portion of the interest on the bonds and deferred bankers' advances up to 1st December 1938, is to be settled by the issue of Class "A" shares.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the foregoing consolidated balance sheet of Maple Leaf Milling Company Limited, and its subsidiaries as at 31st July, 1938, and of the accompanying consolidated statements of profit and loss and surplus for the year ending on that date. In connection therewith we examined or tested the accounting records of the company and its subsidiaries and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year and made tests of the year's transactions.

We report that, subject to the values at which fixed assets and investments are stated and to the adequacy of the reserve for depreciation, in our opinion based upon our examination the accompanying consolidated balance sheet and related statements of profit and loss and surplus have been drawn up in accordance with accepted principles of accounting so as to exhibit a true and correct view of the state of the companies' affairs as at 31st July, 1938, and of the results of their operations for the year, according to the best of our information and the explanations given us, and as shown by the books of the companies.

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

Toronto, Canada,
3rd October, 1938.

Consolidated Surplus Account, for the Year Ended 31st July, 1938

Balance 31st July, 1937	$181,174.33
Add: Recovery from sale of collateral security, etc., given by former officers	1,498.40
	$182,672.73
Less loss for year (as above)	165,730.88
Balance 31st July, 1938	$ 16,941.85

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FIRST HOT STRIP MILL
STEEL PLATE FOR THE NEEDS OF A NATION!
DOMINION FOUNDRIES & STEEL LIMITED
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ENGINEERING PROGRESS NUMBER
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CANADA'S FIRST HOT STRIP MILL
BRITISH AND FOREIGN PRACTICE
RESEARCH
NEWEST TRENDS
TECHNICAL CHANGES
Ten YEARS OF "DFS" PIONEERING HAS CREATED CONTINUOUS EMPLOYMENT FOR 1000 CANADIANS
Cold ROLLED STEEL
TIN PLATE
CANADIAN STEEL for CANADA
Another NEW 100% CANADIAN PRODUCT
DOFASCO BLUE PLATE
DOMINION FOUNDRIES and STEEL LIMITED
FIRST COLD STRIP MILL
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TIN Plate is used for making cans for foods, paint, oil and many other products. Cans have been manufactured in Canada for many years from imported Tin Plate. Did you know that Tin Plate is now produced in Canada?
First, huge open hearth furnaces spew out tons of molten steel to make ingots. After re-heating, these slabs of steel are massaged to and fro by heavy rolls and flattened into long strips. These are then coiled as you would roll up a rug, and are pickled in sulphuric acid to remove scale and dirt.
Next, a million dollars worth of machinery squeezes the strip steel from a thickness of a tenth of an inch down to a few thousandths. This "cold reduction" process produces tin plate of a quality unequalled by any other method.
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THE FINANCIAL POST

National Telephone Supplement

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—Photos by C.P.R.

MODERN SCIENCE has unfolded many wonders, some to change the whole course of human history, none to a greater degree than the telephone. The amazing development of voice communication has turned the whole world into a neighborhood, has served and is serving to bring its peoples into closer relationship and better understanding. Canada's contribution to this is outstanding. The telephone was invented at Brantford. Canadians are the most telephone-minded people on earth. And Canada's telephone systems, for efficiency, progressiveness and stability, are unsurpassed.

Evolution of Canada's Telephone Systems

Dominion Wide Co-operative Movement Outstanding Development of Decade

Ad-takers at work—classified advertising department in a Montreal newspaper office.

Alexander Graham Bell was not a businessman. He invented the telephone and like many another genius, was almost totally lacking in business ability.

When the principle which underlies the transmission of sound and speech was discovered, and the first working models of the telephone constructed and demonstrated, Bell's great task was done. The important task of building up a continent-wide telephone system, of placing this potential means of human service at the disposal and convenience of millions of people, had yet to be performed.

The major responsibility for the performance of that task in this Dominion has been undertaken by the Bell Telephone Company of Canada. The excellence of the manner in which the company carried out its charge is attested by the fact that nowhere in the world is there a more telephone-conscious people than Canadians.

Called in the Church

When the Canadian patent for the telephone was issued to Bell, he presented it as a gift to his father. Professor Melville Bell, believing a company or partnership unnecessary, appointed the Rev. Thomas Henderson general agent to exploit the Bell telephone.

Canada's first telephone agent journeyed to villages, towns and cities exhibiting the box telephone. The reverend gentleman met with little commercial success, however, and the difficulty experienced in hearing through the primitive apparatus caused doubts as to the telephone's future.

Baker Takes a Hand

The District Telephone Company through its astute president, Hugh C. Baker, realized something of the telephone's value and constructed at Hamilton the first commercial line in Canada. This line connected the residences of Mr. Baker, Charles D. Cory, T. C. Mewburn, father of Hon. S. C. Mewburn, and a Mrs. Thompson.

Baker had visited the Philadelphia Centennial Exposition where he was keenly interested in Bell's "talking marvel." Following the success of the line in Hamilton, he set about establishing a telephone exchange. There resulted the inauguration at Hamilton in March, 1878, of the first telephone exchange in the British Empire. The first telephone switching centre in the world had been opened two months earlier in New Haven, Conn.

Many Pioneers Failed

Telephone exchanges of various designs and sizes began to dot the map of this and every other continent although the leadership of North America has never been in question. All kinds of weird contraptions were constructed. There were no manufacturing concerns with facilities for the making of switchboards and other telephone equipment in those days so that practically every little workshop in the land took a hand in the new game. With no signposts of previous experience in the telephone field to serve as a guide, many of the early switchboard pioneers "got lost."

For a long time there was no real transmitter, it being necessary to use what is now called the receiver, for talking as well as for listening. Gradual refinement process has been necessary to bring about the instrument as known today; nearly a hundred types of transmitters had been made standard from time to time.

Edison Enters Field

The year before Hugh Baker established the telephone in Hamilton, Thomas Edison, the American inventor, had opened up correspondence with the city electrician of Montreal. Mr. Edison had invented a new type of transmitter and forwarded two sets to Montreal for trial. These instruments were placed on the telephone line between Montreal and Quebec and worked with remarkable distinctness, notwithstanding the presence of several relays on the circuit.

This, the first long distance telephone conversation, took place nine months after the world's first two-way long distance talk on Dec. 3, 1876, between Boston and North Conway, New Hampshire.

Beginning of Competition

Dominion Telegraph Co. secured the sole and exclusive right to Edison's telephone invention in Canada for a nominal sum, with the option of purchasing outright the patents for the sum of $10,000. The element of competition was first introduced at the outset of the business. Both parties claimed priority of patents and threatened suit against all and sundry users; but while this rivalry continued until 1880, it was not known that Edison as early as 1877 had admitted Bell's claims to priority.

The cry of infringement failed to deter the lessees from using the telephone and a number of private lines were erected in Montreal and Toronto. These lines formed the nucleus of exchanges in those districts, which were first put into operation in 1878. Montreal was equipped with the Edison apparatus, while the company operating at Toronto adopted the Bell instruments. The Edison and the Blake, another new transmitter, having been introduced, the business began to show some development.

Competition Blossoms

Western Union Telegraph Co., through its ally, the Gold and Stock Telegraph Co., secured in 1878 control of the Edison patents for Canada, and the Montreal Telegraph Co. were appointed agents for Ontario and Quebec.

The agents for the Western Union in the Maritime Provinces were ordered to look after the telephone in the lower provinces.

In telegraph circles it was thought that whoever took over the telephone, could command the bulk of the telegraph business and the telephone was used principally as a lever to this end.

Dominion Telegraph Co., then in fierce competition with the Montreal Telegraph Co., became alarmed at the apparently shrewd move on the part of its rival, and immediately set about securing exclusive rights of the Bell Telephone.

Race for Subscribers

Negotiations resulted in a contract between the patentee and the Dominion Telegraph Co. and the three telegraph companies started in a race to secure subscribers to their exchanges in the cities and towns from Windsor to Halifax, where exchanges inaugurated by local companies did not already exist. Some cities were, however, slow to appreciate the use of the telephone, notably Ottawa and Saint John, N.B. At Ottawa, an active canvass was commenced but in order to save time a complete telephone exchange outfit was shipped there; the canvass was unsuccessful; no subscribers were forthcoming, and the plant had to be stored until the public could be educated into use of the telephone. At Saint John only one subscriber could be secured after two weeks' canvass.

A brilliant idea then occurred to the manager of the opposing company at this point and was carried to a successful issue. It was to open a free telephone exchange, on trial. This at once demonstrated the necessity for an exchange, and soon two competing exchanges were working and unable to keep pace with the paying orders offered.

This struggle between the telegraph companies which failed in its main object of diverting telegrams to any one company, resulted in not only cutting telephone rates to absurdly low figures, but in doing business absolutely without charge. To such competition there could be but one end and it was soon reached. There had been a large capital outlay and the revenue did not by any means meet expenses.

Conceive Bell of Canada

Hugh Baker then conceived the idea of a separate telephone company independent of all telegraph companies, and accordingly applied to the Dominion Parliament for a charter. Just before the granting of this charter on April 29, 1880, Charles Fleetford Sise, then general manager in the United States for the Royal Canadian Insurance Co., was urged by a group of financier friends, to go to Montreal and endeavor to interest the insurance company in forming a telephone company. If successful, he was to undertake the amalgamation of the various companies and systems then existing and organize the business on a national basis.

Andrew Robertson, who was financially interested in the enterprise, became the first president of the Bell Telephone Co. of Canada and Mr. Sise, vice-president. In taking over the telephones from the Dominion Telegraph Co., the Bell Co., fortunately took over Lewis B. MacFarlane. Mr. MacFarlane was the man who persuaded his chief to allow Alexander Graham Bell the experimental use of the telegraph line between Brantford and Paris.

Sise Takes Hold

Led by Charles Fleetford Sise and ably supported by Lewis B. MacFarlane, Hugh C. Baker, and others who joined in the new enterprise, the formation of the Bell Telephone Co. in 1880 brought about a great step forward in Canadian telephone development.

After the Bell Telephone Co. was properly organized, Mr. Sise as vice-president and managing director, immediately began to extend its operations to include all of Canada with the exception of British Columbia.

Between 1880 and 1900 the telephone was still a novelty, but it was known and in use in a great many communities. Probably a majority of these disjointed services were operated by the Bell Telephone Co. But there were others operating under Bell license or using other types of equipment. To the Bell company goes the credit for welding these units together, as far as possible considering the limits of the equipment, into one corporate entity.

At the end of the first quarter century of the Bell Telephone's corporate life, the telephone had begun to make itself felt in the business and social life of the country. On the coast a number of independent systems were in operation. On the Prairie Provinces the Bell Telephone was attempting to encourage development by long-distance management, a policy that was soon to change. In Ontario and Quebec the company was consolidating the available telephone services. In the Maritime Provinces the Bell Telephone Co. had adopted the same policy that later it was to apply to the western properties.

A Natural Development

The extreme difficulty of managing an almost continent-wide telephone system in those days was only too apparent to the Bell Telephone Co.'s management. There was no Trans-Canada System to link them together in one closely-knit whole.

Shortly after the turn of the century it was realized that the company could not go on attempting to operate over such a widespread territory and the Bell Telephone company withdrew from the national field to restrict its activities to Ontario and Quebec.

Create Seven Major Systems

The resultant dismemberment of the company brought into being the corporate or government control of the telephone business as it is known to Canadians today.

The first step in the re-orientation of the telephone business took place in the Maritimes. The Nova Scotia Telephone Co. was created in 1888 to take over the properties of the Bell Telephone Co. in New Brunswick and Nova Scotia. In 1910 Nova Scotia Telephone and other properties in Nova Scotia were acquired by the Maritime Telegraph and Telephone Co. which today serves practically the whole of Nova Scotia and, through a subsidiary, Prince Edward Island.

Before Maritime Telegraph and Telephone came into being, the New Brunswick Telephone Co. was established in 1888 to acquire from the old Nova Scotia Telephone Co., the New Brunswick properties which that company had taken over from the Bell. Controlling interest in the New Brunswick Telephone Co., however, is still held by the Bell company.

Set Up Prairie Systems

While there has been a financial interest between the Bell and the Maritime systems down through the years, the severance of the western properties was more complete. In 1906 the Alberta Government had entered the telephone business in a small way when the Bell decided to concentrate operations, in 1906, the government acquired the Alberta properties.

At the same time the Saskatchewan and Manitoba Governments did likewise in so far as the properties in their own particular province were concerned.

Set-up 7 Major Systems

These corporate moves resulted in the creation of seven major systems which were destined in time to account for around 90% of the total telephone business in the country.

The list of these systems, together with the number of stations in service at the close of last year, follows:

	No. of phones as of Dec. 31/37
Maritime Tel. & Tel.	41,069
N. B. Telephone	30,782
Bell Telephone	746,051
Manitoba System‡	66,128
Saskatchewan System‡	33,863
Alberta System‡	32,178
B. C. Telephone	119,136

‡Government owned and operated.

Others in the Business

This does not tell the complete story of the corporate development of the telephone business in the Dominion. There are over 3,000 systems operating in this country. The great majority are the co-operative, rural type each having less than 100 stations in operation. On the other hand, there are a number of other well-defined and important systems, privately and publicly-owned. In this latter group might be included Eastern Townships Telephone Co., Farmers Telephone Co., Okanagan Telephone Co., Atlantic Utilities and its subsidiary Island Telephone Co., Quebec Telephone and Power, Northern Telephone Co., and the municipal systems at Fort William, Port Arthur, and Edmonton. Then, too, in the neighboring Dominion of Newfoundland is the Avalon Telephone Co., which occupies much the same position on the island as does the Bell Telephone Co. in Canada.

Head of Lakes

Twin Cities' Systems Show Surplus After All Charges

The Twin Cities at the head of the Great Lakes—Port Arthur and Fort William—are the only large centres in Ontario that own their own telephone systems.

At one time the Bell Telephone operated in these cities but withdrew in the face of competition from municipal systems. Both systems are connected with the Trans-Canada Telephone System.

In both instances, municipal ownership has been a marked success. Both systems are entirely self-supporting and earn a profit after all charges, including interest and sinking fund provision.

Port Arthur System

In 1937 the Port Arthur system had net earnings of $30,492 after providing for operating and maintenance expenses. After providing for bond interest and sinking fund provision there was a net profit of $20,186.

The funded debt of the Port Arthur system in 1936, amounted to $58,187, while the cost of property and equipment amounted to $86,229.

The Port Arthur system has 3,486 telephones in service. Of these, 819 are business telephones on individual lines and 2,257 are residential telephones on individual lines. On party lines there are 42 business telephones and 125 residential telephones.

In 1936 the system had 52 full-time employees and salaries and wages amounted to $52,568.

The Fort William Telephone System in 1937 had net earnings of $49,801, after operating and maintenance expenses. After all charges including depreciation, bond interest and sinking fund provision, net profit for the year amounted to $27,661.

The funded debt of the Fort William Telephone Co. amounted at the end of 1936 to $197,618 while cost of property and equipment was shown at $205,000.

Telephones in service at the end of 1936 numbered 4,706. Of this number there were on individual lines, 769 business telephones and 2,904 residential telephones. On party lines there were 15 business telephones and 89 residential telephones.

The system has 73 full-time employees and an annual wage bill of over $66,000.

A Remarkable Record

Only four countries in the world have a greater number of telephones than Canada and only the United States has a larger number of telephones per 100 population.

City of Edmonton

Telephone System Has Been Good Investment — Pays Taxes

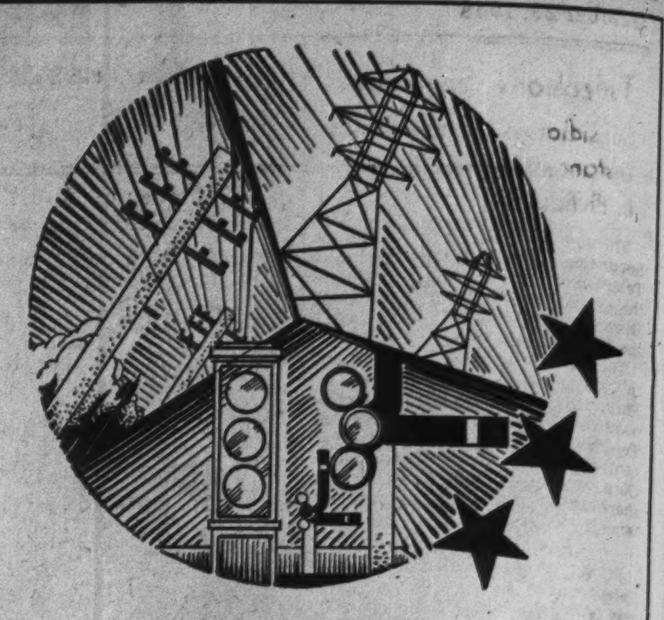
When the City of Edmonton went into the telephone business it made a profitable investment. Not only does its municipal telephone system pay a substantial amount in taxes, but in addition it earns a large profit each year.

Total revenue in the year ended Dec. 31, 1937, amounted to $588,647 after provision for bad debts and discounts. Maintenance expenses totalled $88,307 and operating expenses to $94,178. Debenture interest amounted to $52,121, provision for sinking fund and redemption to $27,206 and the renewal reserves to $38,863. Thus, profits, before taxes, amounted to $287,971. A total of $176,394 was paid to the city in taxes so that there was a surplus of $170,576.

Debt Is Light

The funded debt of the city's telephone department amounts to $770,153. Cost of the system's property is in excess of $2 millions. Against this there has been set up depreciation reserve of $987,983 and renewal reserve of $230,898.

The city's telephone system is modern in every respect. The city was the first in the Dominion to install an automatic exchange and dial telephones, this being in 1909. Actually, the installation was made by the Alberta Government in Strathcona, but in 1910 Strathcona was merged with Edmonton and the Strathcona exchange acquired by Edmonton.



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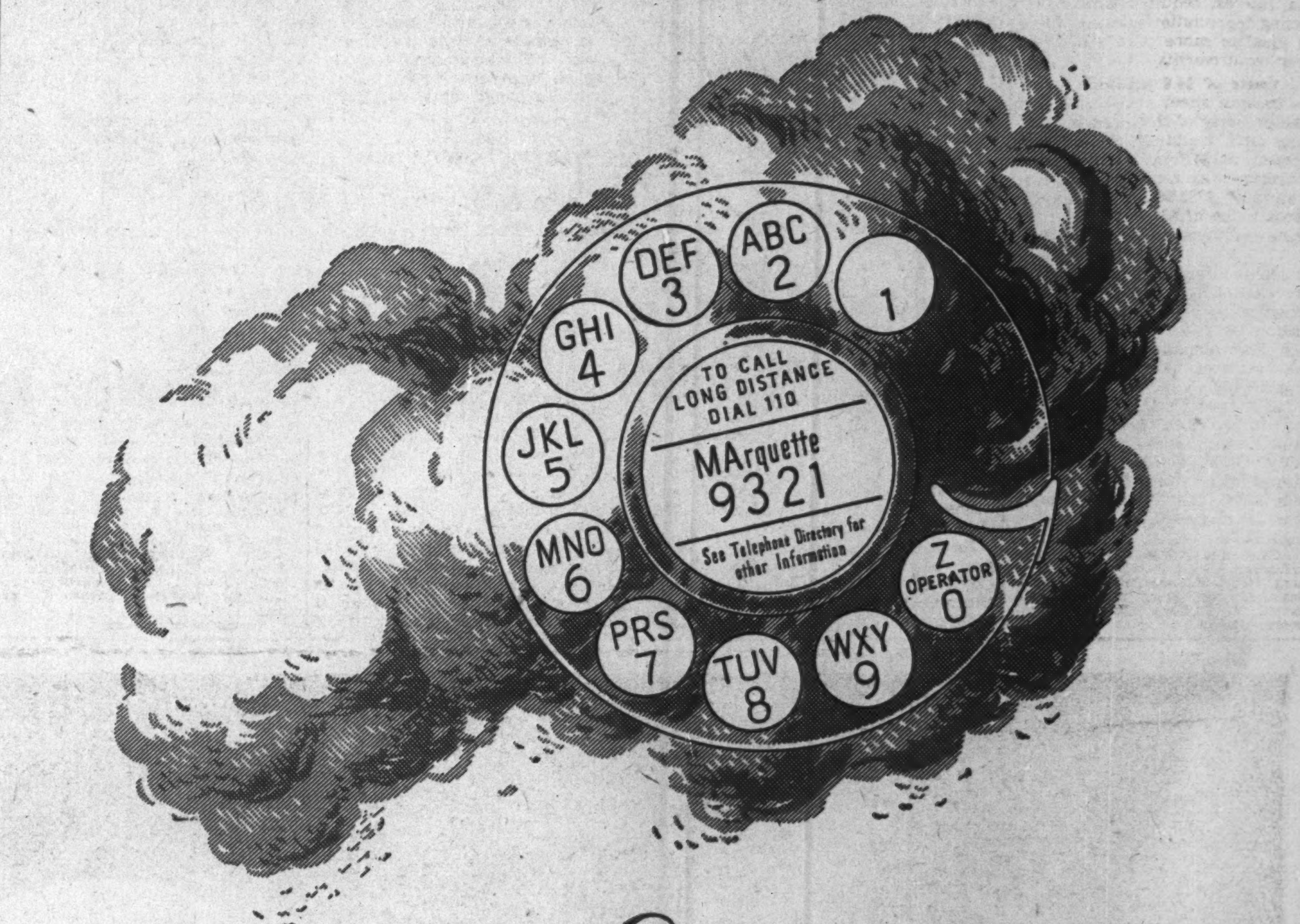


Communication-

The Essential Industry

Men of vision, perseverance and ceaseless energy, since the earliest days of civilization, have laboured to speed communications. Each advance in the rapidity and accuracy of communication has been a factor in the progress of civilization.

The pace of modern business and social life would be impossible without the telephone, the telegraph and the radio-phone. They are indispensable public utilities, enjoying universal esteem for the efficiency and economy of their services. For these reasons, and because of their sound record of earnings, the securities of telephone companies in particular enjoy high favour among investors.

For many years we have been identified with the progressive development of the Communications Industry, having underwritten securities of the following companies:

Anglo-Canadian Telephone Company
Associated Telephone & Telegraph Company
Atlantic Utilities, Limited
British Columbia Telephone Company
Maritime Telegraph & Telephone Company, Limited
Philippine Long Distance Telephone Company
Phillips Electrical Works, Limited
Quebec Telephone & Power Corporation
The Avalon Telephone Company, Limited

W. C. Pitfield & Company Limited

235 St. James Street, MONTREAL

80 King Street West, TORONTO

OTTAWA QUEBEC SAINT JOHN HALIFAX

VANCOUVER LONDON, ENG. NEW YORK

Telephone Securities

Subsidiary Operates Long Distance Service in Philippines

Through control of Telephone Securities Ltd., Anglo-Canadian Telephone Co. owns about 35% of the capital stock of Philippine Long Distance Telephone Co., operating in the Philippine Islands.

Telephone Securities was formed in 1936 to take over the assets of Philippine Co., which was a wholly-owned subsidiary of Anglo-Canadian Telephone. At that time it acquired control of Telephone Investment Corp. which owned 99.6% of the share capital of Philippine Long Distance Telephone.

Hold Joint Control

In 1937 it was decided to dissolve Telephone Investment Corp. as it was estimated this would save $70,000 annually. In order to conform with legislation of the Philippine Islands holdings of Telephone Securities had to be rearranged. Not more than 40% of the securities of a utility company in the Philippines can be held by persons other than citizens of the United States or the Philippine Islands. As a result control of Philippine Long Distance Telephone is now jointly held by Telephone Securities and Associated Telephone and Telegraph.

Capital of Telephone Securities consist of $1 million of 5½% collateral trust 5-year notes, due 1941, and $1.6 million of common stock. The latter consists of shares of par value $10 each of which $1 million is held by Anglo-Canadian Telephone Co.

Direct interest of Canadian investors in Philippine Long Distance Telephone Co. is confined to $1 million of 6% first mortgage 15-year bonds recently offered by W. C. Pitfield & Co.

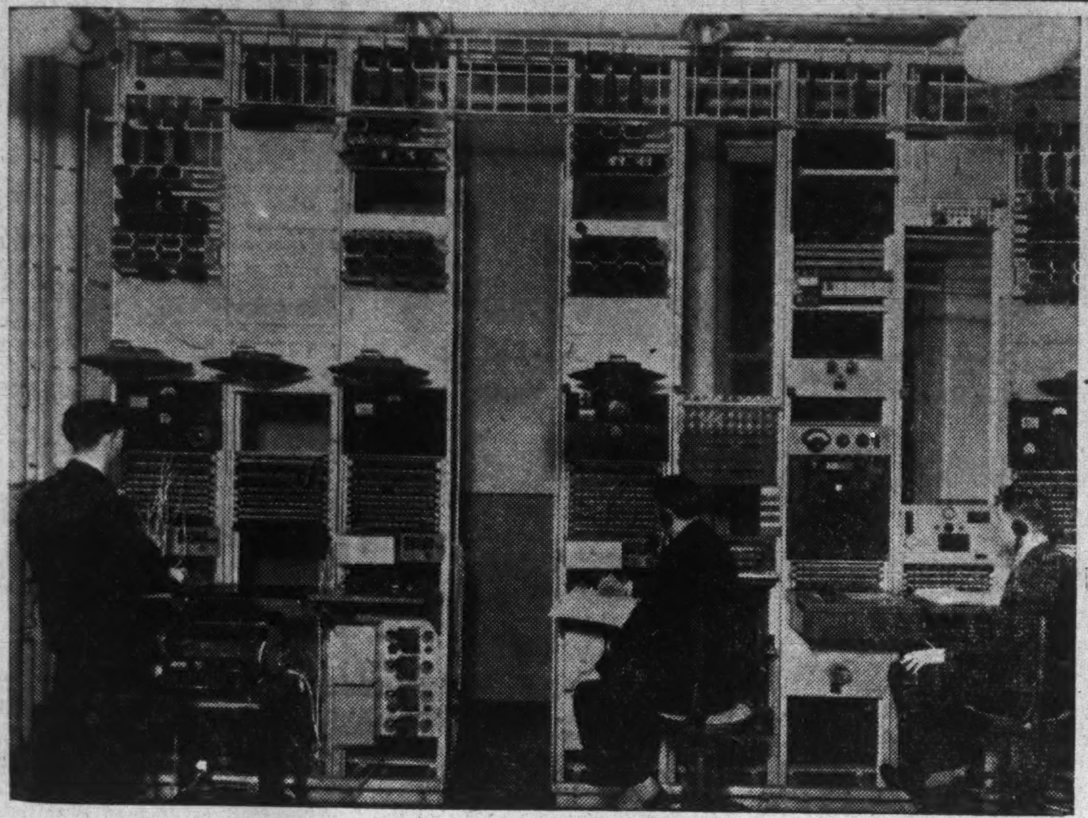
For the five years ended Dec. 31 last, average annual earnings available for interest on these bonds and for depreciation amounted to $554,022, equal to more than nine times annual interest requirements. After deducting depreciation earnings have been equal to more than six times interest requirements.

Assets of $4.8 Millions

The balance sheet at Dec. 31 last carried property of the company, including land, buildings, plant and equipment, at $4.8 millions, against which there was a reserve for depreciation of $783,566, indicating a net book value of $3.7 millions. Net working capital amounted to $267,534.

Philippine Long Distance Telephone was incorporated in 1925 for a period of 50 years and is a consolidation of five telephone companies. The company furnishes telephone services throughout the Philippine Islands by means of its own facilities and those facilities of connecting services. It serves the principal cities and towns, including the City of Manila. Radio telephone service is maintained between the Islands and the United States, Europe, Java and Malay.

Directors—A. F. Adams, chm., Chicago; H. L. Gary, pres., Kansas City, Mo.; Martin Lindsay, vice-pres., Chicago; F. S. Spring, treas., Kansas City, Mo.; R. L. Benson, London, Eng.; W. C. Pitfield, Montreal; T. S. Gary, Chicago. Sec.—Geoffrey Purdy.



In 10 years radio programme transmission service has developed into one of the most intricate of the highly specialized telephony arts.

Radio—Child of the Telephone

Radio, the miracle of yesterday, is the commonplace of today and broadcasting is the child of the telephone. Its spectacular development is very intimately tied in with the telephone, for not only does radio owe much of its growth to telephonic research and equipment, but the transmission of its far-flung programmes is largely carried by telephone wires — "entertainment ribbons of copper."

To the telephone system has fallen very largely the task of conveying radio programmes from the microphone to the broadcasting station, either to one station or to a number of stations in various parts of the nation. A few years ago, each request to serve a broadcasting station was a special undertaking, custom-tailored to fit the occasion. Today it is a regular service available over permanent facilities representing the latest developments in sound transmission.

Design Special Circuits

The demand for programmes to supply networks has brought a tremendous frequency range problem. It became necessary to design programme circuits with such characteristics as to permit successful transmission of speech, symphony, band and orchestral music. The circuits must also be free from cross-talk, noise or distortion. These things were all achieved and the network spread rapidly.

Network broadcasting in Canada practically made its debut with the Confederation Diamond Jubilee ceremonies in 1927. A coast-to-coast all-Canadian network was set up, carrying the proceedings to all the radios in the country. This was a temporary network, but soon afterward permanent facilities were provided for programme broadcasting to nearly all the Canadian radio stations.

Great Technical Skill

Very close monitoring of the supply circuits is necessary on a broadcast. If any undesirable disturbance is detected, steps are immediately taken to remove it, either by raising the level of transmission or by routing on another circuit. As no break in the programme continuity must occur, operators and engineers have to work speedily and in perfect co-ordination.

The growth of international broadcasts has been an interesting development. A transoceanic programme was first picked up in 1929 and since then radio listeners have had the pleasure and benefit of hearing broadcasts from most of the large European countries. Thus in a period of about 10 years programme transmission service has developed into one of the most intricate branches of the highly-specialized telephony art.

Eastern Townships

Bell Subsidiary Covers Rich Quebec Area With 2,430 Stations

The Eastern Townships Telephone Co., controlled by the Bell Telephone Co. of Canada, operates a telephone system in the vicinity of Sherbrooke, P.Q.

As compared with its parent company it is a dwarf in size, but in age it is only eight years younger. It came into being in 1888 under the name of Sherbrooke Telephone Association. In 1892 the name was changed to People's Telephone Co. and in 1912 to the present name. In 1928 the company acquired the plant and system of the Asbestos Telephone Co., which operates in the village of Asbestos. Last year it purchased the telephone plant of the Barford Telephone Association.

At the end of 1937 the company had 10 exchanges and 2,430 stations in operation.

Capital of the company consists of 10,554 shares of no par value common stock. In each of the past seven years the company has paid 72 cents a share in dividends. Dividends were initiated in 1927.

Assets of the company total $397,383. Investments in plant, equipment and real estate is carried at $335,000. In 1937 current liabilities exceeded current assets by $69,183.

Net profit of the company in 1937 was equivalent to $1.05 a share, compared with 84 cents a share in 1936 and 54 cents a share in 1935.

Directors—*A. C. Skinner, pres.; *H. B. Fletcher, vice-pres., Sherbrooke, Que.; J. R. Collins, *Robert Neilson, J. E. Choquette, *W. R. Stuart, Montreal; J. W. Quinn, Windsor, Que.; C. L. Jenkins, Rock Island, Que.; D. B. Hopkins, Coaticook, Que.; E. T. McGovern, Richmond, Que. Gen. mgr. & sec.-treas.—T. J. Harding.

*Executive committee.

Acknowledgement

Illustrations used in this section, depicting the telephone industry, have been supplied through the courtesy of the Bell Telephone Co. of Canada, Northern Electric Co., Canadian Marconi Co., and Canadian Pacific Railway.

Anglo-Canadian

Controls Systems in B.C., Central America and Philippine Islands

Through subsidiary companies the Anglo-Canadian Telephone Co., an investment organization controlled by Associated Telephone and Telegraph Co., owns the principal telephone systems in British Columbia and the Dominican Republic. It also has a substantial interest in the Philippine Long Distance Telephone Co.

While controlled by Associated Telephone, Anglo-Canadian operates under a Quebec charter and was partially financed in Canada.

Systems controlled by the company were formerly the property of National Telephone and Telegraph Corp., the assets and liabilities of which Anglo-Canadian acquired in 1934. They include 150,000 telephone stations, long distance, toll and wireless circuits and serve a population of 3½ millions.

The company's principal investment is in the British Columbia Telephone Co. in which it owns 44,981 ordinary shares out of a total of 45,000. It also owns the entire capital stock of Dominion Directory Co., North West Telephone Co., Chilliwack Telephones Ltd., Kootenay Telephone Co., Mission Telephone Co., Canadan Telephones and Supplies Ltd., and all the capital stock and loan capital of Compania Dominicana de Telefonos, C. por A. It also owns 100,000 shares out of 160,000 issued shares of capital stock of Telephone Securities Ltd. The latter company holds about 35% of the capital stock of Philippine Long Distance Telephone Co.

General balance sheet of Anglo-Canadian Telephone Co. at Dec. 31, 1937, shows total assets of 11.1 millions. This is largely made up of investments and long-term accounts less reserve carried at $10.7 millions.

Capital of the company consists of $3,630,000 of 5½% cumulative preferred shares, par value $50; 487,100 shares of class A stock, par value $10; and 200,000 shares of deferred stock, par value $10.

In the year ended Dec. 31, 1937, net profit of the company amounted to $573,860 as compared with $565,879 in the previous year. This is equivalent to 72 cents a share on the class A stock and 12 cents a share on the deferred stock. Dividends on the class A stock are currently being paid at the rate of 6% annually, whereas 5½% was paid in 1936 and 1937.

The company is controlled by Associated Telephone and Telegraph Co.

Directors—A. F. Adams, chm., Chicago; H. L. Gary, vice-chm.; J. G. Crane, pres., Kansas City, Mo.; Gordon Farrell, vice-pres., Vancouver, B.C.; Martin Lindsay, vice-pres., Chicago; P. W. Evans, San Marino, Cal.; R. L. Benson, Viscount Hinchingbrooke, M. A. Colefax, E. E. Evans, Sir Alexander Roger, London, Eng.; F. H. Woods, E. C. Blomeyer, Emmett Swanson, T. S. Gary, F. H. Woods, Jr., Chicago; W. C. Pitfield, Hon. Gordon W. Scott, J. C. Newman, Montreal. Treas.—F. S. Spring. Sec.—Geoffrey Purdy.

Canadian Securities

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Municipal Bonds

Public Utility and Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED

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15 King Street West, Toronto

Stocks and Bonds

The capital structure of the Canadian telephone industry is about equally divided as between debt securities and stock. At the end of 1936 capital totalled $271.5 millions.

Urban Service Dominates

Fifty-one Canadian cities contain close to two thirds of the total number of telephones in Canada and 94% of the telephones operated by automatic switchboards.

Bell Gives Name to Modern Miracle

By R. H. SPENCER,
Bell Telephone Co. of Canada

Alexander Graham Bell was born in a modest dwelling at 16 South Charlotte Street, Edinburgh, on March 3, 1847. From both his parents and his grandfather, Alexander Bell, of London, the young lad received natural endowments of talents.

Bell's grandfather was a famous elocutionist who made a science of speech. He delved deep into the mechanism of speech in order that he might thereby find means of correcting defective utterance.

Study Speech Mechanism

Both of the elocutionist's sons, Alexander Melville and the elder son David Charles, followed the same line of study. Melville carried on the research work and developed a remarkable system of symbols for depicting the sounds of the vocal organs in uttering sounds.

As a child, Graham became familiar with the "Visible Speech" and used to assist his father in public demonstrations of the system.

To this early training, Alexander Graham Bell attributed the peculiar combination of characteristics which made it possible for him to discover the fundamental principle that underlies the electric transmission of speech in any form and to translate that principle into a practical invention—the telephone.

Where the idea for the telephone was conceived — the Bell homestead at Brantford.

Canada For Health

During the Atlantic crossing of the Royal Mail Steamship "Nestorian" which left Liverpool on July 17, 1870, bound for Quebec City, there must have been many among the passengers who thought that the tall, pale, 23-year-old passenger with the sunken eyes would not live to see much of the New World. Those who knew of the recent deaths of his two brothers from tuberculosis must have been more convinced still of the hopelessness of the young man's state of health. The family doctor had informed the parents that their remaining son had but six months to live. There was but one chance of recovery—a change of climate.

Settled at Brantford

The Bells decided to settle at Brantford on the advice of the Rev. Thomas Henderson, a retired Baptist cleric and friend of the family in Scotland, who was then living in the nearby town of Paris.

A home was purchased on Tutelo Heights overlooking most of the city of Brantford. Here on the Grand River height, for a long time after his arrival, Bell spent most of his days on a comfortable seat built about three feet from the ground with a triangle of three tall birch-trees as its supports.

Taught Deaf Children

Beginning in 1871, Bell gave special instruction to teachers of deaf children in the use of his father's physiological symbols of visible speech, in Boston and Northampton, Mass., Hartford, Conn., and other cities. In October, 1872, by this time fully recovered, Bell left Brantford to reside in Boston. He opened there a normal training school, known as the School of Vocal Physiology, for teachers of the deaf and for instruction in the mechanism of speech. In 1873 he was appointed professor of vocal physiology in the School of Oratory of Boston University.

After going to Boston it was Bell's practice to spend his summer vacation and Christmas holidays with his parents at Brantford. It was during the ten weeks' stay at Brantford in the summer of 1874, while discussing with his father various aspects of their profession, that the young professor outlined in detail his theory of telephony.

Idea Originates Here

Bell was seated comfortably between the three birch trees, absently renewing acquaintances with the old familiar scenes. It was a peaceful Sunday afternoon. His father was keenly interested in the son's account of experiments he had conducted in an attempt to develop a multiple telegraph—an apparatus by which he hoped to be able to transmit simultaneously a number of telegraph messages over one wire. It was then that Alexander Graham Bell told for the first time of his theory of a continuous undulating current which is the fundamental principle of telephony. "If I could make a current of electricity vary in intensity precisely as the air varies in density during the production of sound," he told his father, "I could transmit speech by wire."

It was during the following winter at Boston that Bell met Thomas A. Watson. A machinist in Charles William's machine shop, Watson was assigned the job of constructing Bell's harmonic telegraph apparatus. One day Bell rushed into the workshop and violated the rules of the establishment by going directly to the workman instead of to the office. He had with him two parts of his telegraph equipment the receiver and transmitter which had not been made precisely according to his idea.

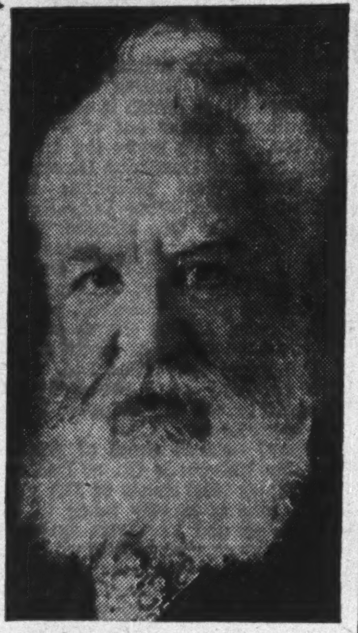
Following their meeting Watson gradually gave more and more time to Bell's instruments and eventually he was employed on a full-time basis. A large attic over Williams's shop was rented and there they conducted their experiments.

Experiments Progress

Months went by with little or no encouragement. Then light pierced the darkness on June 2, 1875. The young inventor was seated in his workshop holding to his ear a piece of apparatus, consisting of a steel spring mounted over the pole of a magnet. It was attached to a length of wire. Suddenly he leaped to his feet, rushed into a room about 60 feet away, where Watson was tinkering with the transmitting apparatus. "Watson," he shouted, his voice trembling, "What did you do then? Don't change anything. Let me see."

Bell had heard, over the wire, the twang of a reed which Watson was plucking at, trying to start it vibrating. It had stuck. By accident, the current had been flowing continuously through the electro-magnets and the line. Watson's plucking had varied the intensity of this flow and caused the thin strip of steel at the receiving end to vibrate and produce a tone.

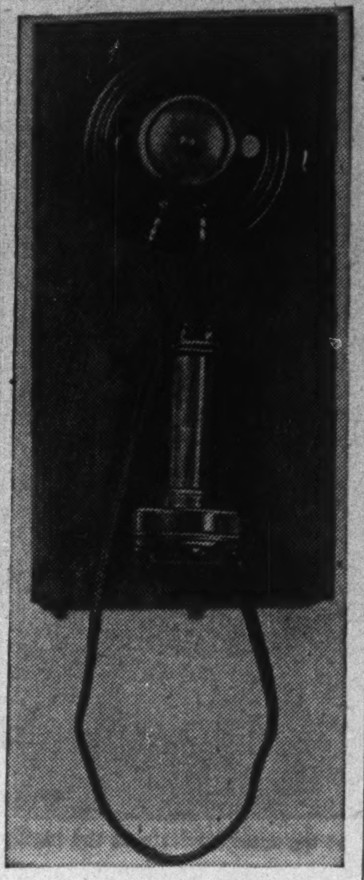
When Bell heard that sound he knew the principle which he had expressed was no longer mere theory. He gave Watson instructions for the construction of a telephone. It consisted of a small drumhead of goldbeater's skin mounted over the receiver, the centre of the drumhead joined to the free end of the receiver spring, and a mouthpiece just a short distance outside the drumhead to direct the voice against it.



Alexander Graham Bell

Watson Answers Emergency

Bell and his assistant spent nine long discouraging months before their primitive apparatus could be made to transmit speech. On the evening of March 10, 1876 they were working in Bell's new lodgings. They had agreed to work all night if necessary. Transmitting equipment was set up in an attic room and connected by wire to receiving apparatus in Bell's bedroom.



A Hamilton subscriber used this phone in 1878. The transmitter also functioned as the receiver.

Watson had made a new transmitter, at Bell's direction, in which a cup of acidulated water was included in the circuit. They filled an acid cup with a mixture of sulphuric acid and water and connected it to a battery and to the wire connecting the two rooms. Watson then went into the bedroom to listen at the receiver. He closed the door after him.

Bell sat down before the crude transmitter to try once again to project his voice over a wire. He was tired. He yawned and stretched. As he did so, a sleeve button caught a wire and pulled some of the equipment over spilling acid solution over his clothes. Instinctively, he called, "Mr. Watson, come here. I want you." In the emergency he forgot Watson had shut himself up in the bedroom. An instant later Watson, eyes protuberant with excitement, burst into the room, not to save Bell's trousers but to exclaim. "Professor Bell, I heard every word you said distinctly!"

First Successful Telephone

In this "liquid transmitter," as Bell called that first successful telephone instrument, were the potentialities of the telephone. But man, for the time being at least, was indifferent. The world scoffed at Bell's new-fangled invention as it had laughed at Morse,

It was while Bell was exhibiting his telephone at the Philadelphia Centennial Exposition on June, 1876, that an incident occurred which helped considerably to overcome public scepticism. Don Pedro de Alcantara, second Emperor of Brazil, guest of honor at the Exposition, was looking over the many fascinating exhibits, accompanied by the Empress and Sir William and Lady Thompson. Sir William, the great cable authority who later became Lord Kelvin, was one of the judges at the Exposition.

Brazilian Emperor Helps

Few people nad paid any attention to the "black-whiskered young crank" and his "talking-wires toy." The judges, who had scarcely glanced in his direction, had decided not to look at any more exhibits that day and were about to take their leave. This indifference turned to respect, however, when the Emperor, who had visited the young professor's classes in Boston, strode to Bell with both hands outstretched and said, "Professor Bell, I am delighted to see you again."

He insisted on being shown the telephone exhibit. Bell, after explaining in detail how his equipment worked, handed the iron box receiver to the Emperor and then went to another room to talk into the transmitter. Suddenly there was a crash as the receiver dropped to the floor. "My God! it speaks!" exclaimed the Emperor to an equally startled audience.

Kelvin Gives Endorsation

Recovering the instrument Don Pedro listened intently a while longer to Bell who was reciting "To be or not to be, that is the question," and so on, keeping up a continuous talk. Handing the receiver to the Empress, he said, "This is the most wonderful thing I have ever seen It actually speaks." Sir William Thompson (afterward Lord Kelvin) said it was the greatest invention of the age. He arranged for another demonstration. It is said that at these new trials which took place at Judge's Hall the following day, the world's foremost electrical scientist and Lady Thompson ran back and forth between the instruments like a pair of delighted school children.

After Bell arrived at Brantford for his summer vacation he wrote to the Dominion Telegraph Co. at Toronto, seeking permission to demonstrate his instruments over the wires of the telegraph company from Brantford to Paris, a distance of eight miles.

In the early evening of Aug. 10, 1876, Alexander Graham Bell drove by horse and buggy from Brantford to the old Dominion Telegraph Company agency in Robert White's boot and shoe store on the main street of Paris.

George P. Dunlop, a native of Ayr, was the telegraph agent. Now 78 years old and living in comfortable retirement in Toronto, Mr. Dunlop clearly remembers that eventful evening.

Bell was to listen at Paris while some friends were to do the talking. The primitive instrument only made possible a one-way talk. Mr. Dunlop's part was to telegraph the answer back to Brantford.

Room For Improvement

There was much manipulating of apparatus at both ends of the wire. Bell instructed his friends at Brantford by telegraph as to changes that might be made in the connections there, to offset the booming noises that were heard first, then the explosive cracklings that followed as the speakers and singers at Brantford sought to make themselves understood by the listening inventor.

White's Shoe Store was jammed to its bolted doors which separated those inside from the huge overflow mass of sceptical but curious townsfolk. From time to time it was necessary for the crowd to be cautioned against noise. With nerves pitched to the highest key, the gathering which included Mayor Whitlaw and many prominent citizens, could hardly restrain themselves. Suddenly there was a momentary hush as Bell, his black eyes blazing, shouted above the hubbub that he heard a voice. There it was again . . . this time more distinctly . . . it was reciting a familiar poem . . . a familiar voice . . . it sounded like the voice of his father . . . it was his father . . . that could not be . . . his father was not in Brantford . . . but . . . and it faded out. Professor Melville Bell had announced that morning his intention of going to Hamilton to fulfill an important business engagement.

Attention turned to young Dunlop as he took the telegraph key to ask his colleague, Griffin, at the Brantford end, the name of the last speaker whose words had been distinctly heard. There was a brief pause then more whooping, booming and crackling from the receiver at Bell's ear. Then . . . the voice again . . . "Yes, Alec, it is I; this is your father speaking."

Great Step Forward

Bell had heard enough. Not only was this, the world's first attempt to talk over such a distance, a success but it was also possible to identify the speaker.

Then everyone wanted to listen. Originally "rented" to Bell for one hour, the telegraph remained in use close to four hours that night to permit as many of those present as possible an opportunity to take part in the tests. The rental was never collected. Instead the telegraph interests made overtures almost immediately for the use of the Bell patents and telephone instruments as an adjunct to their business.

Within a few months further progress was accomplished. Immediately on returning to Boston Bell and his assistant began to make ready for a two-way telephone test. On the evening of October 9, Bell and Watson conversed over a line between Boston and Cambridgeport—a distance of two miles.

The telephone had arrived!

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Alberta Government Telephones

Bell Telephone of Canada

Plays Outstanding Part in Canadian Telephone Development

With 753,000 telephones in service, the Bell Telephone Co. of Canada, operating in Ontario and Quebec, is by far the largest telephone system in Canada. In fact, its telephones in service make up more than half of all the instruments in the Dominion.

Conceived as a national enterprise, the Bell Telephone once owned and operated systems in the three Prairie Provinces and in the Maritimes. However, these properties were disposed of many years ago and operations are now confined to Ontario and Quebec. It retains, however, controlling interest in New Brunswick Telephone.

Of the 753,000 telephones in service at the end of June, 456,000 were under dial operation. Other telephone systems in Ontario and Quebec with which Bell Telephone connects number 869 and serve 141,000 telephones. For the most part these are rural systems. Then, too, of course, there is a connecton with all the stations connected to the Trans-Canada System, the American Bell System, and the countries linked together with radio-telephony.

Extensive Plant

The average telephone user does not realize the extensive ramifications of the system of which his instrument is a part. Outside plant of the Bell Telephone Co. includes something like 3½ million miles of wire, 880,000 miles of which are aerial cable and 2,400,000 miles in underground and submarine cable. Only 219,000 miles are overhead in open wire construction at the present time.

Because of the nature of its business, the company's plant, buildings and equipment are not concentrated in one or two centres as is the case with most large industrial concerns. They are spread over the entire breadth of the two provinces. Assuming the company's administrative buildings and 401 central offices could be brought together, a community equal in size to the business section of a large city would result. It would have a population of more than 10,000 Bell Telephone employees. Its streets would be filled with over 800 of the familiar green and red Bell Telephone motor vehicles.

All of this plant and equipment, valued at more than $196 millions, is maintained at a high standard of efficiency. The troubles reported by customers are now less than one per telephone per year, and all are promptly cleared. Over 82% of the trouble on business telephones is cleared within two hours and over 92% on residence telephones within four hours.

Five Million Calls Daily

Every day last year the Bell Telephone Co. handled an average of 5,471,000 local and 59,000 long distance calls. The proportion of local calls completed was 83.4%, and of long distance calls 93.7%. Calls are not completed either because the called party does not answer or because the line is busy.

Through the company's continental and trans-continental connections, service is now available to 71 countries and 23 ships. This year telephone service between Canada and Newfoundland is to be established in collaboration with Canadian Marconi Co.

Incorporated in 1880, the Bell Telephone Co. was originally a consolidation of several small corporations. In fact, many of the telephone systems were then affiliated with the telegraph companies. At the end of 1880 the company had 2,100 telephones in service. In 1885 there was 9,600 and in 1890 there were 19,853. There are moderate figures compared with the 753,000 now in service.

First Annual Report

The first annual report of the Bell Telephone Co. dated Dec. 31, 1880, was a modest document. It showed that in the first year of operation the company had a revenue of $29,670 and expenditures of $18,617. In 1881, which was the first complete year of operations, the company had receipts of over $100,000, had exchanges in 40 cities and towns and agencies in 40 others. Since that time operations of the company have expanded almost continuously. Last year its operating revenues amounted to $40.6 millions.

In the first year the paid up capital of the company was $377,600 and total assets $402,324. Paid up capital now amounts to $79,122,400 and total assets to $224,302,403.

Bell Telephone Co. is strongly entrenched financially. At the end of 1937 there were current assets of $11.7 millions and current liabilities of almost $7 millions, leaving working capital of $4.7 millions. It has always enjoyed an excellent credit standing which has been of considerable importance in view of the large sums that have been required annually to extend telephone plant.

Plant Valued at $196 Millions

At the end of 1937 the physical property of the company, that is, its telephone plants, equipment, land and buildings, were carried in the balance sheet at $196 millions. In addition, it had an investment in subsidiary companies of $13.5 millions.

Included under subsidiary companies is the Northern Electric Co., of which 51% of the capital stock is held by the Bell Telephone Co. Western Electric Co., subsidiary of American Telephone and Telegraph Co., holds a 44% interest, whole the remaining 5% of the capital stock is held by directors.

Expansion of the Bell Telephone Co. throughout the years has been financed by the sale of bonds and stocks. The stock outstanding has been increased by the sale of shares by public subscription, by the issuance of rights to shareholders and by issuance of shares to employees under a special savings plan.

A Good Investment

Securities of the company have always enjoyed a high investment rating. In addition to $79,122,400 in common shares, par value of $100 each, the company has outstanding $67,000,500 of first mortgage bonds and $7,435,391 of notes which are held by the trustee for the company's pension fund. At the end of 1937 there was an equity of $2,455 behind each $1,000 bond and $112 behind each share of common stock.

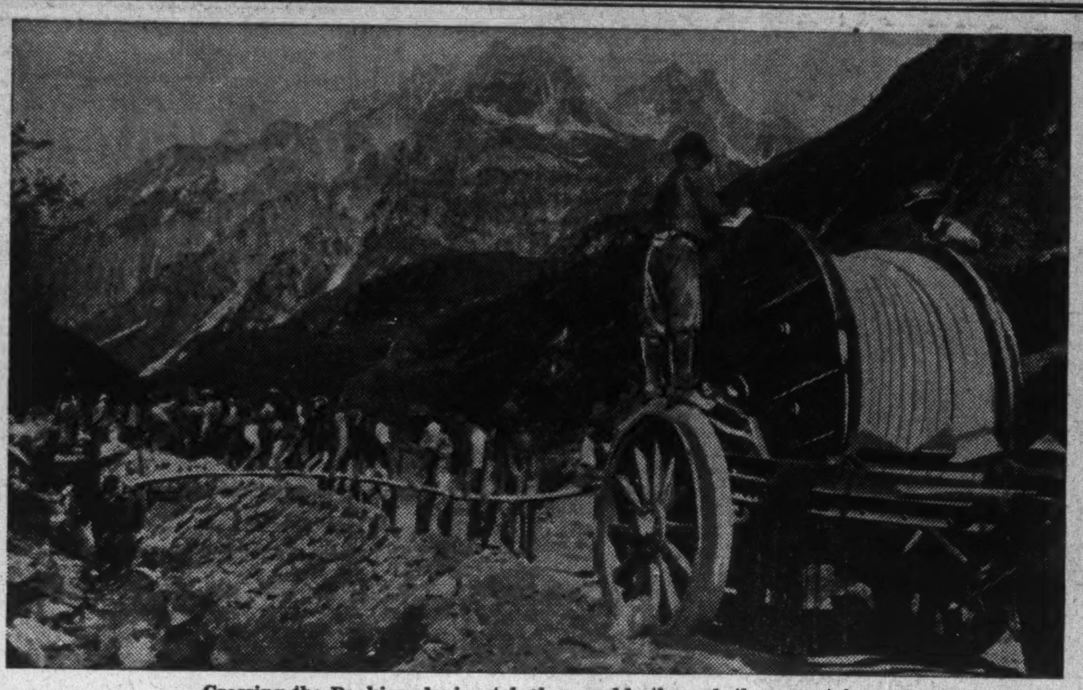
Interest on the company's bonds always has been earned by a wide margin. Common dividends have been paid continuously since 1881. The years 1891 to 1931 inclusive the company paid 8% on its common stock. In 1932 it paid 7¼% and in the years 1933 to 1936 inclusive, 6%. Last year it paid 7½% and dividends are currently being paid at the rate of 8% annually.

In 1937 net profit of the company amounted to $6,112,939, which is equivalent to $7.73 a share on its common stock. Earnings of the company declined during the depression, the low point being in 1933 when the company earned only $5.62 a share on its common stock.

The bugbear of watered stock which has so impaired the record of many enterprises has no place in the progress of the Bell Telephone Co. For every $100 share of stock the company has sold, it has received upward of $107 in cash from the shareholders. This excess over its par value received from the stock has been invested in telephone plant.

The company has always had close association with the American Telegraph and Telephone Co., but it is not controlled by the American concern. The American Telephone and Telegraph Co. holds 23.7% of the common stock of the Bell Telephone Co. Actually, the company is controlled by Canadians. Of the 20.151 shareholders of the company, 18,877, or 93.7% live in Canada and they hold 68.4% of the outstanding stock. Of these, 3,250 or 17½% are employees of the company. These employees hold 30,951 shares, representing 3.9% of the total outstanding.

Directors—C. F. Sise, pres., Montreal; J. E. Macpherson, vice-pres., Montreal; W. F. Angus, C. E. Gravel, Arthur B. Purvis, Paul F. Sise, Montreal; Hon. Henry Cockshutt, Brantford, Ont.; C. P. Cooper, W. S. Gifford, New York; K. J. Dunstan, Glyn Osler, Toronto; Sir George Garneau, Quebec, P.Q.; Hon. S. C. Mewburn, Hamilton, Ont. **Vice-pres.**—P. A. McFarlane, F. Johnson. **Sec.**—F. G. Webber. **Compt.**—J. Cleugh. **Treas.**—J. R. Logan. **Executive Committee**—W. F. Angus, C. E. Gravel, K. J. Dunstan, J. E. Macpherson, Arthur B. Purvis, Paul F. Sise, C. F. Sise.



Crossing the Rockies—laying telephone cable through the mountains.

Figures of Speech

Statistics Reveal Amazing Telephony Development — Canadians Lead the World

Since the telephone was invented in Canada, it is only natural that Canadians should be the most telephone-minded of all nations.

This country leads the world in the use of the telephone with 222 conversations per capita per year and bows only to the United States in the number of telephones per 100 people.

Out of every 100 Canadians, 11.48 have telephones.

Some amazing "figures of speech" are revealed by the latest available statistics on the Dominion's telephone service.

Astronomical Figures

Canadians spend about $12 millions in telegrams annually. They write nearly 800 million letters in the same period. But approximately 2,500,000,000 telephone conversations take place over Canadian wires in a year. To break this astounding total down into an understandable figure, every day an average of 6,500,000 local and 75,000 long distance calls are being made. These figures were even more impressive immediately before the depression.

Taking the average length of conversations as 2½ minutes, it follows, if the adding machine is reliable, that the telephone talks now done by Canadians in a single day, would take one voice 31 years to accomplish, talking day and night and Sundays.

The use of the telephone in Canada is extensive because the service is second to none in the world. Many will be surprised to know there are more than 3,000 telephone systems in this country, for these systems work in such close co-operation that the average long distance caller is quite unaware that he may be talking over the wires of several different companies.

There are seven large systems in the nine provinces and many smaller companies under independent management. For example, Saskatchewan alone has 1,178 systems, of which 1,153 are co-operatively owned. Alberta has 419 co-operatives and Nova Scotia 206. Ontario has 351 stock companies and 132 municipal systems.

Altogether these 3,000 systems serve 1,323,900 telephones scattered throughout the Dominion.

To serve such an area there must be enough miles of telephone lines to build nine lines around the globe; enough miles of wire to span the distance from the earth to the moon 22 times; nearly enough underground conduits to make a small tunnel through the centre of the earth. It takes 18,000 men and women, drawing an annual payroll of $23,500,000 to operate this widespread network.

The Canadian service is not merely vast in extent, it is also swift and efficient in operation. Of the 22 million long distance calls handled by the Bell Telephone Company of Canada during 1937, for example, 91.6% were completed while the calling party remained at the telephone. The average time for making a connection was only 85 seconds. Out of every 1,000 such calls, over 980 were put through without error of any kind.

Associated Tel.

Holding Company Has Large Investments in Canada

Associated Telephone and Telegraph Co. is a holding company, international in scope, with important telephone and manufacturing interests, not only in Canada, but in the United States and other parts of the world. The company controls, directly or indirectly, telephone operating companies, telephone equipment and manufacturing companies, and other companies doing a related business.

Through subsidiaries, the company operates in British Columbia, Dominican Republic, Columbia and the Philippine Islands. It operates equipment manufacturing companies in Chicago, Ill.; Montreal, P.Q.; Brockville, Ont.; and Antwerp, Belgium. Distributing companies are operated in Chicago, Montreal, Toronto and Vancouver; Milan, Italy; Tokyo, Japan; Shanghai, China; and Sydney, Australia.

Controls B. C. Telephone

The company's principal investment in Canada is the British Columbia Telephone Co., control of which is held through Anglo-Canadian Telephone Co. The equipment company in Canada is Phillips Electrical Works and the sales company, Canadian Telephones and Supplies Ltd.

Not only is there investment interest in Canada in securities of the company's Canadian affiliates, but also in the securities of the company itself. Capital of the company consists of $12,266,000 of 5½% debentures, due 1955; $3,296,700 of 7% cumulative first preferred stock; 47,194 shares of $6 cumulative first preferred stock; 23,876 shares of $4 cumulative preferred stock; 101,431 shares of class A stock and 1,038,308 shares of common stock.

Earnings and Dividends

Bond interest was earned in every year during the depression except 1932. In the years 1932 to 1936 inclusive, the company did not earn the full dividend on the first preferred stock. However, there was an improvement in the company's position in 1937, net profit being equivalent to $7.07 a share on the first preferred, compared with $1.46 a share in 1936.

During 1937 the company paid dividends of $4.41 a share on the 7% first preferred, compared with 77 cents a share in 1936. On the $6 first preferred dividends of $3.78 a share were paid, compared with 66 cents in 1936. In the current year to date, including payments payable Nov. 15, dividends on the 7% first preferred total $1.47 a share and on the $6 first preferred $1.26 a share.

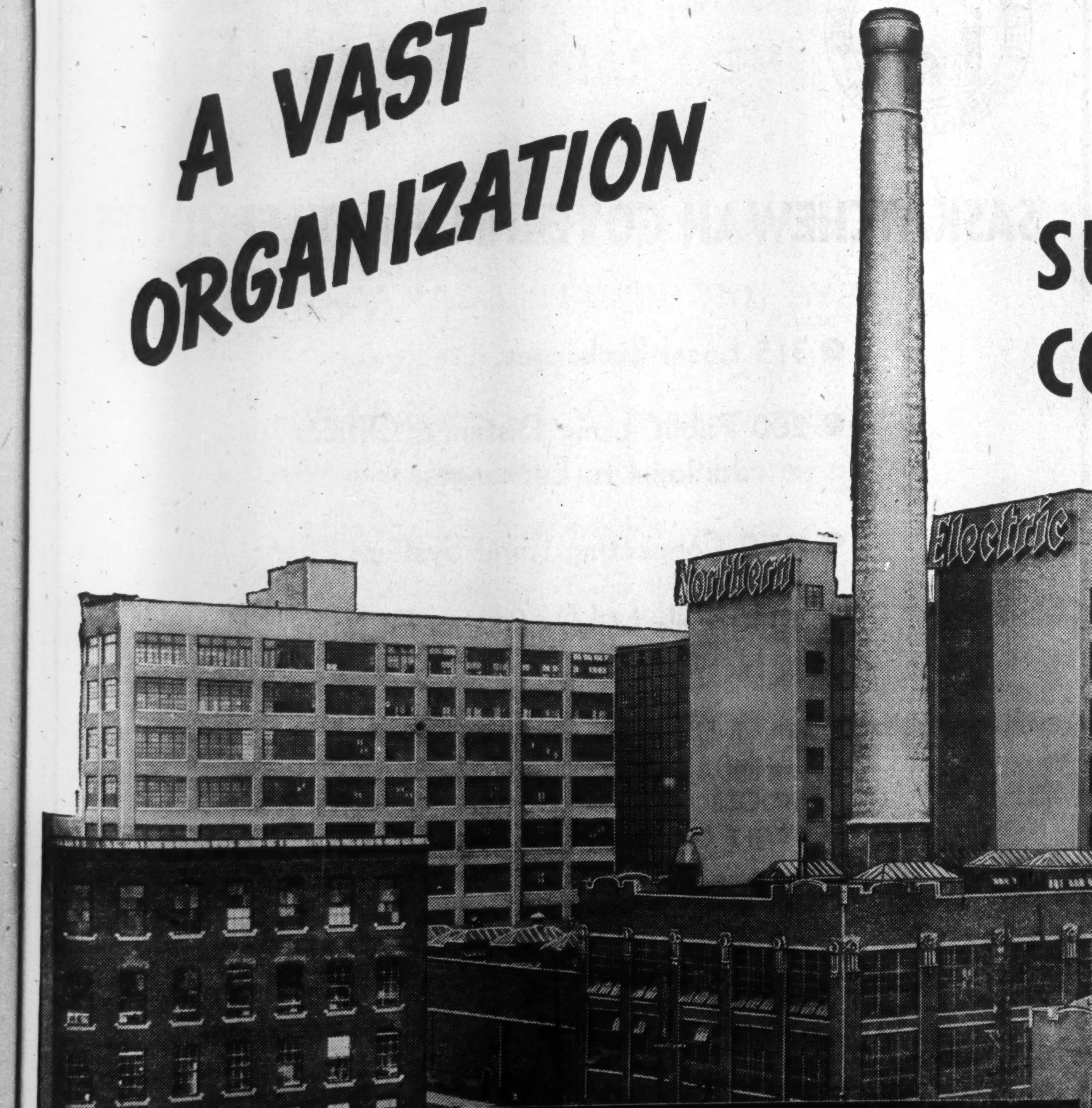
After taking the Nov. 15 payments into account, arrears on the 7% first preferred amount to $38.85 a share and on the $6 first preferred to $33.30 a share. Arrears on both the $4 preference stock and the class A stock amount to $27 a share.

Directors—A. F. Adams, chm., Kansas City, Mo.; H. L. Gary, vice-chm., Chicago; H. L. Harris, pres., Chicago; M. Lindsay, vice-pres., Chicago; Theodore Gary, Rene Pleven, France; F. H. Woods, Lincoln, Neb.; E. C. Blomeyer, Henry C. Woods, F. H. Woods, Jr., Chicago; Gordon Farrell, Vancouver, B.C.; G. L. Grawols, treas.; F. S. Spring, W. F. Benoist, R. E. Williams, sec.

Telephone Securities

Bonds:	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1937	1938
Telephone Securities: (Controlled by Anglo-Canadian Telephone)					
Collateral Tr. Notes	5½	1941	1,000,000	...	1.94
Philippine Long Distance Telephone:					
1st Mtge. S. F., A	6	1953	1,000,000	...	...
Avalon Telephone:					
1st Mtge. S. F.	4½	1958	800,000	2.32	2.30
Associated Telephone and Telegraph:					
Gold Debs., A	5½	1955	12,143,000	2.14	1.57
Phillips Electrical Works: (Subsidiary of Associated Telephone and Telegraph Co.)					
1st Mtge. S. F., A	5	1953	1,000,000	Not available	
Bell Telephone:					
1st Mtge., A	5	1955	30,000,000		
Do., B	5	1957	30,000,000	2.81	2.02
Do., C	5	1960	7,500,000		
Pension Fund Notes*	*	....	7,435,391	...	...
*Sold to Pension Fund Trustees.					
British Columbia Telephone: (Controlled by Anglo-Canadian Telephone Co.)					
1st Mtge., Series A	5	1960	3,111,000	2.77	2.40
Do., Series B	4½	1961	7,871,000		
Okanagan Telephone: (Controlled by Canadian Public Service Corp.)					
1st Mtge. S. F.	5½	1956	510,500	Not available	
S. F. Debentures	6	1953	274,000		
Maritime Telegraph & Telephone:					
Ref. & Gen. Mtge., B	*6-4½	1966	1,500,000	3.40	3.32
Series C	4	1967	2,000,000		
*Interest rate 6% to July 1, 1941, 4½% thereafter to maturity.					
Atlantic Utilities: (Wholly owned subsidiary of Maritime Telegraph & Telephone Co.)					
1st Mtge. & Coll. Tr., B	4	1957	500,000	Not available	
1st Mtge. (Closed) (The Isl. Tel. Co.	6	1943	100,000		
Northern Telephone:					
1st Mtge. Serial	4	1938-57	163,500	9.2	7.5
Quebec Telephone and Power:					
1st Mtge. & Coll. Tr., A	5	1955	386,500	1.47	1.44

Stocks:	Outstand. $	Earned Per Share 1937 $	1936 $	Div. Rate $	Price Range —1937-38— High	Low	Last Price	Yield %
Anglo-Canadian Telephone:								
Pref. 5½% cum., par $50	3,630,000	*7.90	8.57	2.75	...	...	...	...
Class A, par $10	4,871,000	0.72	0.56	0.45	...	...	...	...
Deferred, par $10	2,000,000	0.12	0.01	nil	...	...	...	...
*New.								
Telephone Securities: (Controlled by Anglo-Canadian Telephone Co.)								
Com., par $10	†1,600,000	Not avail.		...	...	...	...	...
†$1,000,000 owned by Anglo-Canadian Telephone Co.								
Philippine Long Distance Telephone:								
Com., 100 pes. par	70,571 shs.	...	...	...	...	...	...	...
Avalon Telephone:								
Pref. non-cum. part. par $25	400,000	3.19	3.18	1.75	...	...	...	...
Com., par $25	236,350	2.44	2.42	1.75	...	...	...	...
Associated Telephone and Telegraph:								
1st Pref. cum., par $100	3,296,700	7.07	1.46	1.47	...	...	...	...
$6 1st Pref. cum. red., n.p.v.	47,194 shs.	7.07	1.46	1.26	57	34	37½	...
$4 Pref. cum., n.p.v.*	†23,876 shs.	...	...	nil	...	...	...	...
Cl. A cum. part., n.p.v.	101.431 shs.	...	...	nil	6½	6½	...	...
Com., par $1	1,038,308	...	...	nil	...	...	...	...
*Formerly Class D. †Excluding 10 shares in treasury.								
Phillips Electrical Works: (Subsidiary of Associated Telephone and Telegraph)								
Com., par $100	3,600,000	Not avail.		...	...	...	...	...
80% of stock held by Associated Telephone and Telegraph Co.								
Bell Telephone:								
Com., par $100	†79,860,200	7.73	6.94	8.00	178	146½	166	4.8
†Of which 23.7% is held by American Telephone & Telegraph Co. (N.Y.)								
Eastern Townships Telephone: (Controlled by Bell Telephone Co.)								
Com., n.p.v.	10,554 shs.	1.05	0.84	0.72	...	...	...	...
Majority held by Bell Telephone Co.								
Farmers' Telephone Co.: (Controlled by Bell Telephone Co.)								
Com., par $25	99,400	[illegible]	1.34	1.25	...	...	...	...
British Columbia Telephone: (Controlled by Anglo-Canadian Telephone)								
Preference cum., par $100	1,000,000	71.68	70.26	6.00	...	...	...	...
Preferred cum., par $100	4,500,000	14.60	14.28	6.00	...	...	...	...
Ordinary, par $100	4,500,000	8.60	8.28	8.00	...	...	...	...
Canadian Marconi: (Controlled by Canmar Investment Co. which is controlled by Cable & Wireless)								
Com., par $1	4,554,682	0.05	0.03	nil	3.37	.75	1.15	...
Canadian Public Service:								
6½% pref. cum. part., par $100—								
Original ser. (Candn.)	937,700	1.80	0.57	nil	...	...	...	...
Series A (U. S.)	146,300							
Com., n.p.v.	100,000 shs.	*d0.51	*d0.64	nil	...	...	...	...
*After deducting full year's preferred dividend requirements.								
Canada Wire and Cable:								
Pref. Cum. red., par $100	2,874,100	27.51	*12.19	6.50	118	96½	96½	6.70
Class A, conv., n.p.v.	29,669 shs.	20.45	5.54	nil	79	47	50	...
Class B, n.p.v.	150,662 shs.	3.25	0.30	nil	34	15	20½	...
*$10 paid on arrears Mar. 15, 1938.								
Okanagan Telephone: (Controlled by Canadian Public Service Corp.)								
Com., n.p.v.	10,000 shs.	Not avail.		...	...	...	...	...
Maritime Telegraph & Telephone:								
Pref. 7% cum., par $10	1,500,000	2.61	2.48	0.70	16¾	16	...	4.2
Com., par $10	3,690,520	0.78	0.73	0.70	17	15¾	15¾	4.4
Atlantic Utilities: (Wholly owned subsidiary of Maritime Telegraph & Telephone)								
Com., n.p.v.	†270,000 shs.	Not avail.		0.15	...	...	...	..
†Entire issue stock held by parent company.								
New Brunswick Telephone:								
Com., par $10	5,784,840	0.59	0.55	0.50	...	...	...	...
Northern Telephone:								
Com., par $1	434,747	8.5c	14.1c	8.0c	...	...	...	...
Quebec Telephone and Power:								
Class A, n.p.v.	36,288 shs.	†0.16	†0.15	nil	5	.4	4¼	...
Class B, n.p.v.	35,196 shs.	d1.90	d1.91	nil	...	...	...	...
†Before income tax.								



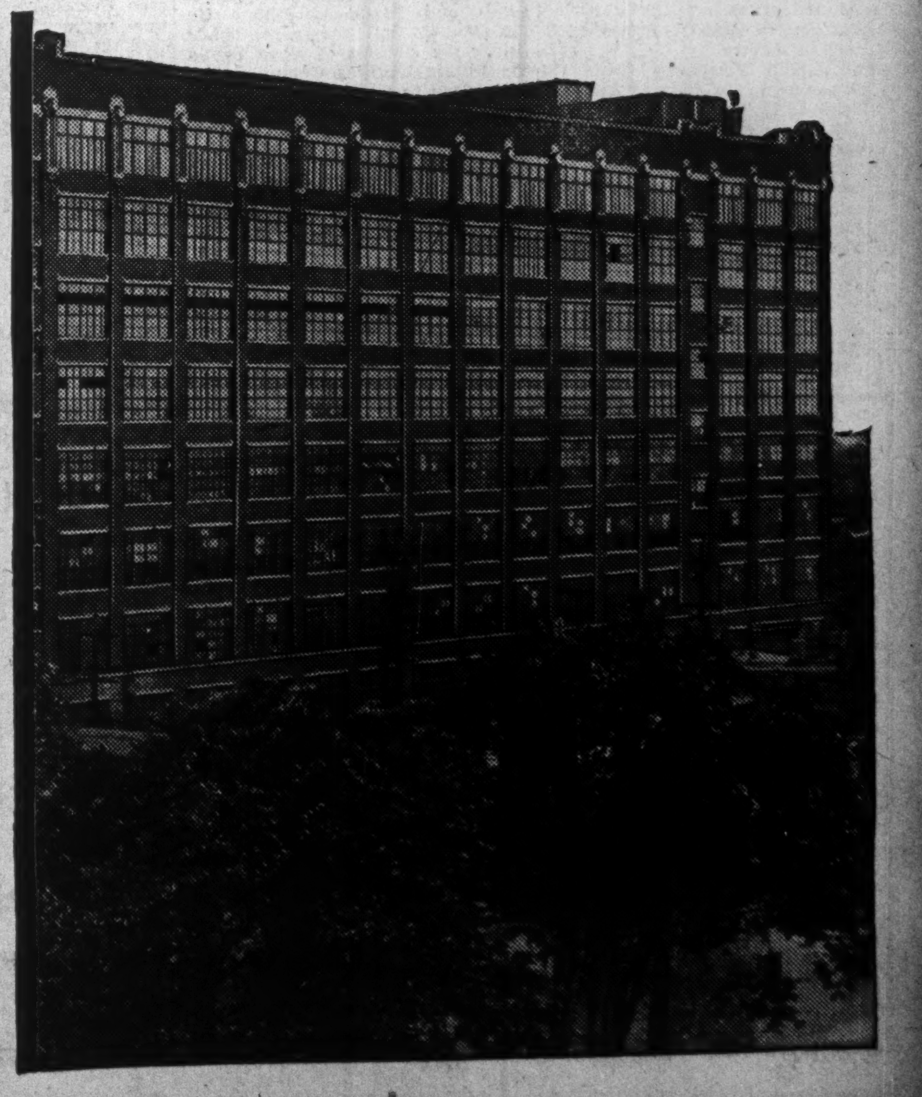
A VAST ORGANIZATION

SUPPLYING CANADA'S COMMUNICATION NEEDS

From this great plant in Montreal, through branches across the Dominion, goes equipment designed and built to fulfill every communication requirement. Starting with the telephone itself, this part of Northern Electric's national service has expanded to the point where it is the recognized manufacturer and supplier of the finest communication equipment.

Listed below are some of the outstanding developments on which the Northern Electric tradition of quality is built:

Telephone Systems
Wires and Cables for all purposes
Radio Broadcasting Equipment
Police Radio
Aviation Communication
Moving Picture Sound Equipment
Public Address Systems
Hearing Aids
Police Signals
Traffic Controls
Fire Alarm Systems
Radio Receivers



Northern Electric COMPANY LIMITED
A NATIONAL ELECTRICAL SERVICE

40-833

Montreal Calling Baldock!

Voice Amplified 40 Million Times

Travels at 186,000 Miles a Second

With the barriers of speech down over land and under water, telephone engineers began to focus their attention on the problem of connecting the various continents by radio-telephone.

The development of the repeater removed the restriction of distance and made possible far-reaching experiments. Previous to 1915, transatlantic communication was carried on by radio-telegraph.

First Call in 1915

After long and patient effort, communication was established over aerial antenna between Arlington, Virginia, and the Eiffel Tower, Paris, in October, 1915.

Owing to the conditions produced by the Great War, no further research was possible for some years. Later, the experiments were continued and eventually suitable equipment was developed.

Radio-telephone service was now assured. The only factor remaining to be settled was the economic one—would telephone service between the countries pay? The matter was carefully studied for some years, and finally the American Telephone and Telegraph Co. and the British Post Office, which operates the telephone system, decided to make the venture. Service was opened in 1927.

Turn to Short-wave

The first New York-London circuit was operated on a long wave. It was soon discovered, however, that under certain conditions surprisingly strong signals were obtainable over great distances with short waves.

Thus it came about that the second telephone channel between this continent and Great Britain, opened in 1928, operated on a short wave. It proved much less expensive than the long-wave system, and from this point transoceanic telephony advanced rapidly.

During these and following years, calls made and received by Canadian subscribers were routed through the New York office, but in July, 1932, coincident with the Imperial Economic Conference at Ottawa, direct service to London via Montreal was inaugurated, as a result of a co-operative agreement between the Canadian Marconi Co., Bell Telephone Co. of Canada and the British Post Office.

In Canada all calls incoming or outgoing are routed through the Bell Telephone Co.'s huge long distance centre at Montreal. If, for example, John Smith, of Calgary, wishes to speak to Thomas Jones, of Liverpool, Eng., he simply calls his long distance operator. She communicates his request to the "Technical" operator at Montreal who immediately arranges for voice-paths between these two points.

Flashed to Montreal from Calgary over the Trans-Canada Telephone System, Mr. Smith's voice there enters the terminal equipment, toll switchboard, and is "scrambled" to ensure privacy in the radio journey across the ocean. "Scrambling" is a deliberate inversion of the frequencies in such a fashion that intelligible speech is converted into gibberish. The high pitched sounds in the speaker's voice emerge across the ocean as gutteral grunts, while the deep chest tones are transformed into squeaks.

From Montreal Mr. Smith's voice impulses follow the Bell long distance landlines to the Canadian Marconi Co.'s powerful radio transmitting station at Drummondville, Quebec.

A Giant Voice

Through ingenious devices and apparatus contained in the Marconi station, Smith's voice is amplified to 40,000,000 times its normal volume and is then hurled across the Atlantic through the station's 60 kilowatt transmitter by a directional antenna. The antenna radiates practically all of the station power in the desired direction, much the same way as a searchlight radiates light in one direction, hence the term "beam wireless."

The "scrambled" electrical impulses received at Baldock, England, three thousand miles away, are once again amplified and continued along land wires to London.

The receiving station at Baldock is also equipped with a directional antenna, rendering it sensitive to signals coming from the proper direction, and therefore, insensitive to static noises and other interference coming from other directions.

At London, Smith's voice is put through an unscrambling process and continues through the toll line to Liverpool where it is delivered to Jones in whatever tone and quality it was spoken.

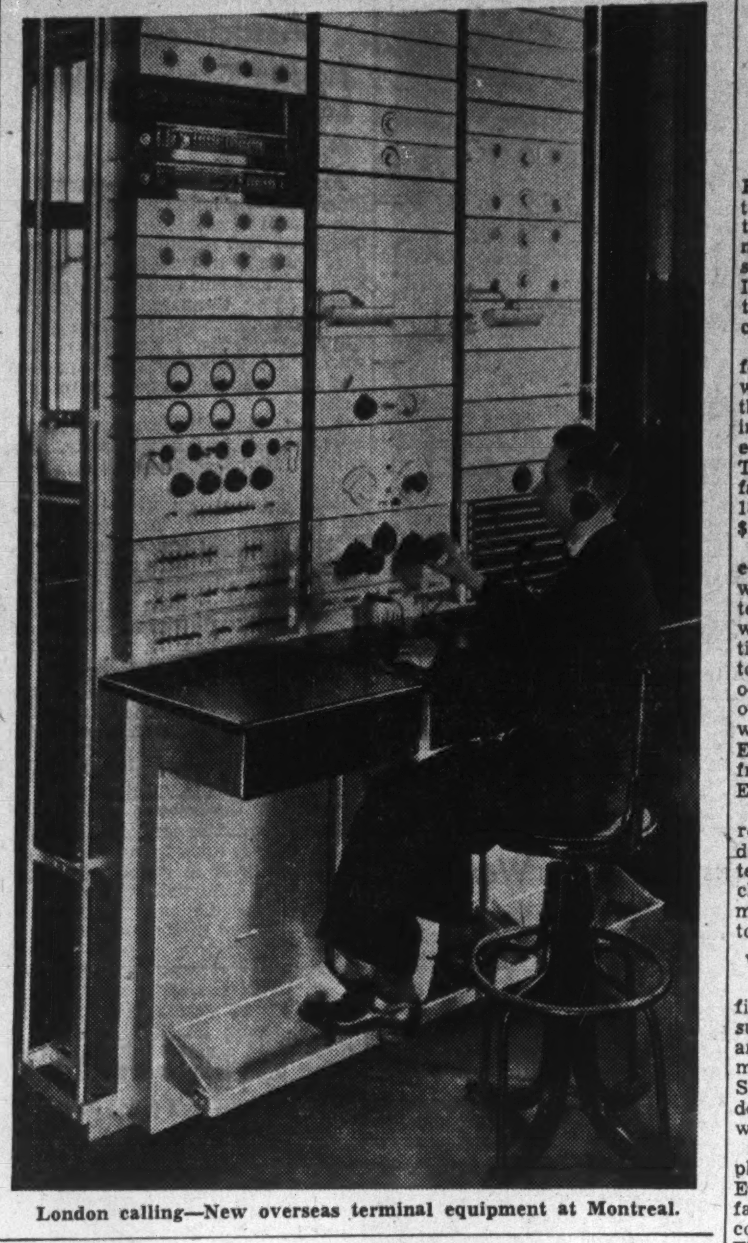
The Return Journey

Mr. Jones's speech on the return journey from Liverpool follows the long distance line to London through the toll switchboard and terminal equipment and from there is transferred to the radio transmitter at Rugby—the English counterpart of the Marconi station at Drummondville—where it is radiated across the ocean to be picked up by the Canadian counterpart of Baldock—the Marconi Receiving Station at Yamachiche, Quebec. The voice impulses are then relayed to Montreal where they are "unscrambled" and sent on their journey over the Trans-Canada System to Calgary.

Voice impulses travel at a speed of 186,000 miles per second. In other words, Smith's voice goes from Calgary to Liverpool and Jones's voice comes back in about one-thirtieth of a second. In one second Smith's voice could travel seven times around the earth's circumference at the equator.

When transoceanic telephone service was first opened the charge for a three-minute call to London from Montreal was $75, with $25 for each additional minute. Gradual reductions have brought the initial charge down to $21 and $7 for each additional minute. By taking advantage of the low night rates which go into effect each afternoon at 5 o'clock, a Montreal user may now be connected with a subscriber in Great Britain at a minimum charge of $15.

Since the latest reduction went into effect calls over the transoceanic facilities have increased about 100%.



London calling—New overseas terminal equipment at Montreal.

Nor. Electric

Leading Sound Equipment Producer Has Grown With Telephone Industry

From a small factory branch of the Bell Telephone Co. turning out only telephone equipment, Northern Electric Co. has grown into the largest manufacturer of telephone and sound equipment in the Dominion. In addition, it is a large manufacturer of a wide range of wires and cables.

When the Bell Telephone Co. was formed in 1880, one of the problems was to secure good equipment. At that time there were no companies in Canada manufacturing telephone equipment. For this reason the Bell Telephone decided to set up its own factory and repair department. By 1895 the factory department had a $100,000 plant.

This plant was turning out good equipment, but its production costs were high. It manufactured only telephone equipment and demand was not sufficient to keep operations on a full-time basis. In order to embark on the manufacture of other products which would round out production, a separate company was formed called the Northern Electric and Manufacturing Co., from which the present Northern Electric Co. takes its name.

The manufacture of other products reduced costs, but there were still difficulties due to the fact that the telephone was in a state of constant change. Factory planning and methods were, therefore, vital factors.

Western Electric Becomes Partner

The outstanding leader in this field was the Western Electric Co., subsidiary of American Telephone and Telegraph Co., which is the manufacturing concern of the Bell System in the United States. It had developed processes and methods which were indispensable.

For this reason the Bell Telephone Co. decided to secure Western Electric as a partner in its manufacturing business. This was accomplished in 1906 by Northern Electric Manufacturing Co. selling a minority interest to Western Electric while the Bell Co. retained majority control.

Acquire Wire Company

Back in the eighties the Bell Telephone also found it required increasing quantities of copper wire and cable. It bought wire from various sources until 1899 when there came an opportunity to buy the machinery and patents of a wire concern in Montreal. The telephone company reorganized this as the Wire and Cable Co., later named the Imperial Wire and Cable Co.

In this case Western Electric Co. was secured almost at the start as a partner with the Bell still retaining control. The object here was to secure the Western Electric method of making paper insulated cable, which, up to this time, had not been produced in Canada.

Until 1914 the Northern Electric and Manufacturing Co. and the Imperial Wire and Cable Co. operated as separate concerns. In that year they were merged into the present Northern Electric Co.

Benefits of Relationship

Through Northern Electric, the Bell Telephone Co. has direct control of its supply of both apparatus and cable. This enables it not only to secure apparatus at fair prices, but also ensures a constant standard of equipment.

There are many benefits arising from the relationship between the Bell Telephone and Northern Electric. The contract between the Bell Telephone Co. and the Northern Electric Co. stipulates that prices the Bell Telephone pays for equipment shall be as low as, or lower than, the lowest prices paid to Northern Electric by its other customers for similar equipment. Other customers of Northern Electric include every telephone system of importance in Canada.

Northern Electric Co. acts as agents for the Bell Telephone Co. in purchasing other types of equipment and supplies. As purchasing agent it performs an important service to the telephone company in maintaining a distributing system which permits the rapid delivery of equipment and supplies as needed.

Surplus Earnings in Plant

There has been a sharp increase in the amount of money invested in Northern Electric since 1914. A good deal of this has come from the company's surplus earnings which instead of being distributed in dividends to shareholders have been put back into the business.

Northern Electric now employs about 4,000 persons and does business throughout Canada and in foreign countries. In addition to telephone equipment, it manufactures radio receiving and transmitting equipment, sound recording equipment, talking motion picture equipment, telegraph and train dispatching apparatus, fire alarm, traffic and police signalling apparatus, power apparatus and a wide range of wire and cable. In addition it acts as selling agents for a large number of allied products which are not manufactured in its own plant.

How Provincial Systems Work

Prairie telephone systems provide long distance service to the numerous small systems and also local service to the larger urban municipalities and in the eastern provinces the provincial systems are mainly in provincial parks for the service of fire rangers, etc.

Believe It or Not

The Bell Telephone Co. of Canada operates more telephones than there are in the entire continent of Africa.

Avalon Telephone Company

Limited

Owning and operating the telephone System in St. John's, Newfoundland, and vicinity known as the Avalon Peninsula.

The population served is in excess of 100,000 and the present number of telephones in operation is more than 8,000.

Arrangements recently concluded with the Canadian Marconi Company will establish contact with Canada by wireless telephony as well as to certain outlying industrial centres of Newfoundland.

These new services will further aid personal communication with Newfoundland's business activities and markets.

Head Office

St. John's Newfoundland

B. C. Telephone Co.

Second Largest System in Dominion

Has an Outstanding Record

British Columbia Telephone Co., the second largest privately-owned telephone utility in Canada, had its origin in a number of small companies organized prior to the turn of the century.

Development of commercial telephones in British Columbia dates back to 1878 when R. B. McMicking, then a telegraph operator in Victoria, wrote to Prof. A. Melville Bell in Brantford, accepting the agency of the Bell Telephone Co. in British Columbia. He asked that two telephones be sent to him.

The telephones arrived in March and experimental conversations were held between the telegraph office and the McMicking home, and also between the telegraph office and the office of the Daily Colonist. This was the second or third set of telephones to be used in British Columbia.

Commercial Service in 1880

Commercial telephone service did not become established in Victoria until 1880 when the Victoria and Esquimault Telephone Co. was organized by Mr. McMicking. Advised by the Bell Co., that, because Victoria was so far away, it would be better to operate in British Columbia as a private company instead of as a Bell Agency, McMicking succeeded in getting a group of Victoria businessmen interested in the formation of a company. Subsequently a number of small companies grew up in British Columbia. In 1903 some of these were merged, including the one in Victoria, to form British Columbia Telephone Co., a predecessor to the present company.

The present company was incorporated in 1916 with a Dominion charter as Western Canada Telephone Co. The name was changed to the present title in 1923 in which year the assets and undertakings of the British Columbia Telephone Co., mentioned above, were acquired.

British Columbia Telephone Co. is a subsidiary of Anglo-Canadian Telephone Co. which, in turn, is controlled by Associated Telephone and Telegraph Co.

History of the company has been one of steady expansion. It serves a territory including Vancouver and Victoria, having a population of approximately 600,000. At the end of 1937 it had 119,136 telephones in operation. It owns and operates an extensive long distance system, including four submarine cables to Vancouver Island. Lines also connect with the western terminus of the Trans-Canada Telephone System.

During the depression the number of telephones in use declined. In recent years, however, the loss has been regained. At present the company has the largest number of telephones in its history. The total at the end of 1937 was 1,780 above the 1930 figure of 117,356.

Capital of the company consists of $3,174,500 of 5% series A first mortgage bonds and $6,615,000 of 4½% series B bonds, $1 million of 6% cumulative preference stock, $4.5 millions of 6% cumulative preferred stock and $4.5 millions of ordinary stock. It is understood directors have been giving consideration to the possibility of refunding the 5% series A bonds as these are payable at the holder's option in Canadian, Sterling or U. S. funds.

The company has always earned its bond interest, after depreciation, by a wide margin. Dividends have been paid regularly on both the preference and preferred stocks, and also on the common stock, although the rate on the latter has varied. Since the company was incorporated in 1916, 8% annually has been paid on the ordinary shares except in four years. At no time has the rate been below 7%. In 1937 the company paid 8%, compared with 7¾% in the previous year.

In 1937 the company had a net profit of $716,806, equivalent to $8.60 a share on the ordinary stock, compared with $8.28 a share in the previous year. During the depression there were four years in which the common dividends were not fully earned. The low point of the depression for the company was 1933 when it earned only $5.90 a share on its ordinary stock.

Assets of the company total $30.1 millions. Land, buildings and equipment are carried at $26.4 millions, against which a depreciation reserve of $7.8 millions has been set up. Working capital at the end of 1937 amounted to $1.3 million.

Directors—H. L. Gary, chm., Kansas City, Mo.; Gordon Farrell, pres., Vancouver; J. G. Crane, vice-pres., Kansas City, Mo.; W. C. Pitfield, vice-pres., Montreal; P. W. Evans, L. G. McPhillips, Vancouver; Hon. G. H. Barnard, Victoria, B.C.; F. S. Spring, Kansas City, Mo.; Martin Lindsay, Chicago. **Vice-pres. & gen. mgr.**—James Hamilton. **Sec.** — R. J. Munro. **Treas.** — C. C. Simpson. **Comp.** — J. E. Carlile.

Maritime Telegraph

Many Small Systems Consolidated

Into Strong N.S., P.E.I. Company

Like the other major telephone systems of the Dominion, Maritime Telegraph and Telephone Co. grew out of a consolidation of a number of small telephone companies.

Since the date of its incorporation in 1910, operations of the company have expanded almost continuously. Not only has the number of telephones in service increased, but the territory served by the company has been enlarged. Indicative of its growth is the fact that assets at the end of 1937 totalled $11.8 millions as compared with $3.2 millions at the end of 1911.

The company serves a territory of 21,000 square miles in Nova Scotia with a population of about 525,000, including the city of Halifax. It has over 41,000 telephone stations in operation. It connects with and obtains toll traffic from a number of independent rural systems.

Owns P. E. I. System

Through the Island Telephone Co. the company owns and operates the principal telephone system on Prince Edward Island. On the Island it serves a population of approximately 90,000 and has 4,160 stations in service.

The Island Telephohe Co. is a wholly-owned subsidiary of Atlantic Utilities Ltd. The latter company, in turn, is a subsidiary of Maritime Telegraph and Telephone Co. The Atlantic Utilities also owns the Eastern Electric and Supply Co.

Maritime Telegraph and Telephone Co. owns plant and property in Nova Scotia valued at over $10 millions. It has in use over 4,000 miles of pole lines, about 9,200 miles of toll lines and over 72,000 miles of wire. The company has a 99-year lease from 1910 on the copper submarine cable between Prince Edward Island and Nova Scotia.

A study of the company's financial statements shows that in each year since it was incorporated, there has been an increase in assets. This reflects steady expansion in operations of the company. In recent years demands for service and the introduction of the dial system have necessitated heavy expenditures for equipment. During 1930 and 1931, more than $2 millions was spent on additions and since that time, investment in plant has increased by $1 million to $10.2 millions. Expenditures for plant construction and reconstruction during 1937 totalled $625,000 and a similar amount is to be spent this year.

Capital of the company consists of $3.5 millions of refunding and general mortgage bonds, $1.5 million of 7% cumulative preferred stock and $3,690,520 of common stock. Both preferred and common shares have a par value of $10 each. In addition, Atlantic Utilities has outstanding $500,000 of first mortgage bonds and Island Telephone Co. $100,000 of first mortgage bonds. Under the statutes of Nova Scotia, the Public Utilities Commission is authorized to allow the company to charge such rates as will enable it to earn 8% on the value of its property as appraised by the Commission.

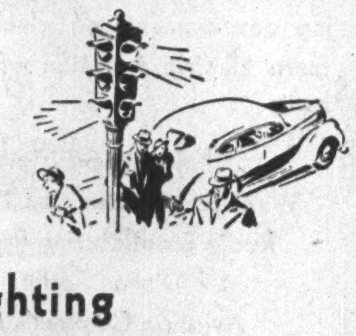
Common dividends were initiated by the company two years after its inception and have been paid continuously since, although the rate has varied. From 1928 to 1932 inclusive, 8% was paid on the common stock; 6% was paid from 1933 to 1936 inclusive. In 1937 the rate was increased to 7%.

Bonds and preferred stock of the company have a good investment rating, bond interest and preferred dividend having always been earned by a good margin.

As one might expect, earnings fell off during the depression, the low point being in 1932 when only 23 cents a share was earned on the common stock. There were four years in which common dividends exceeded available earnings. Common shareholders also receive annual payments from Atlantic Utilities. In 1931 common shareholders of Maritime Telegraph and Telephone were given a bonus of one participating dividend right in Atlantic Utilities for each share of the parent company held. Holders of these rights, however, received pro rata division of $40,500 each year since Jan. 15, 1932.

Directors—J. H. Winfield, pres. and man. dir.; G. F. Pearson, vice-pres.; E. L. MacDonald, Andrew MacKinlay, R. A. Corbett, Halifax; J. E. MacPherson, C. F. Sise, Montreal; A. J. Campbell, Truro; George Killam, Yarmouth, James McConnell, Sydney; J. W. McLeod, New Glasgow; Hon. F. R. Davis, Bridgewater. **Gen. mgr.**—W. A. Winfield. **Compt.**—C. A. B. Bullock. **Sec.-treas.** — T. N. Goudge.

UNDERGROUND CONDUIT
and
BURIED CABLE INSTALLATIONS
for
Telephone - Power - Ornamental Lighting
Airport - Highway and Traffic Signals



PAR-TEX FOUNDATION CO. LIMITED
Engineers and Contractors
LONDON TORONTO MONTREAL

DEPARTMENT OF TELEPHONES SASKATCHEWAN

SASKATCHEWAN GOVERNMENT TELEPHONES

- 315 Local Exchanges.
- 200 Public Long Distance Offices additional to Exchanges.
- 1150 Connecting Rural Systems.
- 7000 Pole Miles of Long Distance Network

Principal Exchanges *are fully automatic* (dial operated), including REGINA, SASKATOON, MOOSE JAW, PRINCE ALBERT, YORKTON, SWIFT CURRENT, NORTH BATTLEFORD, and other points.

MEMBER TRANS-CANADA TELEPHONE SYSTEM

New Brunswick Phone

System is Important Connecting Link in Trans-Canada Service

The telephone system operated by the New Brunswick Telephone Co. not only serves the Province of New Brunswick, but it is the connecting link between the systems in Nova Scotia and Prince Edward Island and the Bell Telephone system in Ontario and Quebec. As such it is an important link in the Trans-Canada Telephone System.

While operated as an independent unit, the company is controlled by the Bell Telephone Company of Canada. In fact, its original properties were once a part of the Bell system.

Organized in 1888, the company took over operation of the New Brunswick properties of the Nova Scotia Telephone Co. which had previously taken over the Bell Telephone Company of Canada plant. Since that time business of the company has shown almost a steady expansion. The number of telephones in service increased yearly until 1931 when there was a drop due to the depression.

Has 31,500 Stations

The decline continued for three years but in each of the past four years the number of stations in service has increased. At the present time there are about 31,500 in operation. This compares with 8,410 in 1909.

Common dividends have been paid by the company continuously since 1909. At first the company paid 6% annually but this was increased to 7% in 1914. In 1916 the rate was increased to 8% annually and this rate was paid until 1932 when 5¾% was paid. Five per cent was paid 1933 to 1936 inclusive and 5½% in 1937. In the current year the company reverted to the 5% rate.

Last year the company earned 59 cents a share on its common stock, compared with 55 cents a share in the previous year. The low point of the depression was 1933 when only 49 cents a share was earned. In the current year the number of telephones in operation has continued to increase but toll revenue has been somewhat lower.

New Brunswick Telephone has no bonds or preferred stock outstanding, its capital consisting of common shares only, par value $10 each. Total share capital amounts to $5,784,840. Expansion of the company has been financed through sale of stock to shareholders and customers of the company.

The company faces heavy capital expenditures in the near future. In the current year, automatic equipment is being installed in West Saint John. Furthermore, additional buildings are required in both Moncton and Fredericton with the probability of automatic equipment being installed in both cities.

Assets of the company total $7.7 millions. Plant and equipment are carried at $7.1 millions. Working capital totals $203,684.

Last year the company made its best showing since 1931. Gross revenue amounted to $1,414,395, compared with $1,477,876 in 1931 and $1,311,881 in 1936.

Directors—*Hon. F. B. Black, pres., Sackville, N.B.; *J. E. Macpherson, vice-pres., Montreal; *H. P. Robinson, vice-pres.; W. C. Allison, *W. E. Golding, Saint John, N.B.; J. M. Robinson, Rothesay, N.B.; Hon. R. B. Hanson, Fredericton, N.B.; E. W. Mair, Woodstock, N.B.; Harry O'Leary, Richibucto, N.B.; *F. R. Sumner, Moncton, N.B.; A. D. Ganong, St. Stephen, N.B.; G. R. Burchill, South Nelson, N.B.; W. J. Kent, Bathurst, N.B.; Hon. G. B. Jones, Apohaqui, N.B.; Pius Michaud, Edmundston, N.B. Sec.-treas.—N. E. Moore. Gen. mgr.—O. J. Fraser.
*Members of executive committee.

Quebec Tel.

Quebec Telephone and Power Corp. is a holding company providing telephone service through subsidiaries in the Lower St. Lawrence River area below Quebec City.

Properties of the company's operating subsidiaries include 5,202 miles of line. At the end of 1937 the number of stations connected to the company's lines was 3,419.

Direct telephone communication between the north and south shores of the St. Lawrence is provided by means of radio service operated jointly by the company and the Canadian Marconi Co.

Capital of the company consists of $386,500 of 5% first mortgage bonds, 36,286 shares of class A stock and 35,196 shares of class B stock. In addition, the company's subsidiary, La Compagnie de Telephone Nationale has outstanding $300,000 of 5% first and general mortgage bonds which are deposited as security for the parent company's 5% bonds.

Operations and earnings of the company fell off during the depression, but it appears the decline has been stemmed. Earnings in 1937 were equivalent to 16 cents a share on the class A stock, compared with 15 cents a share in 1936 and three cents a share in 1935. No dividends have been paid on the class A stock since early in 1931. No dividends have ever been paid on the class B stock.

Assets of the company total $1.6 million. Investment in plant and equipment amounts to $1.3 million.

Working capital, exclusive of investments, increased from $47,568 to $86,450 during 1937.

Increased toll traffic is anticipated by the company in the future. Improved facilities which, the president states, are to contribute to this increase were almost completed in the early part of 1938. Both gross and net revenues of the first nine months of the current year increased over the same period of 1937. Gross revenue was up over 8%. Net earnings available for interest, depreciation and income tax increased almost 10%.

Directors—J. A. Brillant, pres. of board & vice-pres. of co., Rimouski, P.Q.; Ernest Beaubien, pres. of co., Quebec, P.Q.; P. E. Gagnon, sec.; C. A. Couillard, Rimouski, P.Q.; J. A. Desjardins, Matane, P.Q.; J. M. Robinson, Saint John, N.B.; Hugh Mackay, Montreal. Treas.—J. H. Brochu.

Avalon 'Phone

Major Newfoundland System Will Be Link With Canada

Another British Dominion will be added to the list of countries to which Canadians may telephone when service is established with Newfoundland later this year.

Wireless telephone service between the two countries is being established by Bell Telephone Co. and Avalon Telephone Co. in collaboration with the Canadian Marconi Co.

Avalon Telephone owns and operates the telephone system in St. John's, Nfld., and surrounding district. Its system extends throughout the Avalon peninsula. The territory served has a population of 100,000 and the number of telephones installed at present exceeds 7,800, which is the largest in the company's history.

Incorporated in 1919 to acquire the telephone system of Anglo-American Telegraph Co., the company operates under a franchise from the Government of Newfoundland. Early this year the term of the franchise was extended from 1949 to 1977.

Capitalization of the company consists of $800,000 of 4½% first mortgage bonds; 16,000 shares of preferred stock, par value $25; and 9,454 shares of common stock, par value $25.

Earnings of the company have been fairly stable during the past eight years. Bond interest has always been earned by a good margin. Preferred dividends have been paid regularly since incorporation. Common dividends have been paid as follows: 2% in 1922; 4% in 1923; 5% in 1928; 6% in 1929 and 7% in 1930 to 1937 inclusive. The 7% dividend on the common stock has been earned by a good margin in each of the past eight years. In 1937 earnings available for common stock amounted to $2.44 a share, compared with dividends of $1.75 a share.

Assets of the company total $1,630,734. Investment in plant, equipment and buildings is carried at $1,501,984. At the end of 1937 working capital totalled $41,501, current assets $128,750, and current liabilities $87,249. Since then working capital position has been improved.

Establishment of telephone communication with the mainland should have a favorable effect on earnings. Plans are under way to contact other points in the Island by wireless telephone. In the first six months of the current year gross earnings were up about 5% and net earnings 6%.

Directors—Hon. J. J. Murphy, pres.; R. J. Murphy, vice-pres. and man. dir.; J. D. Cameron, sec.-treas.; G. Brownrigg, M. E. Martin, A. E. Hickman, St. John's, Nfld.; E. S. Morse, Toronto.

Employ 17,775 Workers

Canada's telephone industry employs 17,775 persons, to whom salaries and wages of nearly $23.4 millions are paid annually.

—Courtesy, Northern Electric.

The electrical stethoscope, product of the Bell Telephone Laboratories.

The Talkative Prairies

Judged by Government returns the greatest telephone users in Canada live in the area between the head of the lakes and the Rocky Mountains. Density of traffic on the Alberta Government System is far greater than for any other system and is not far short of double the average for the Dominion as a whole. The Manitoba Systems are well up on the list, ranking next to Alberta, while the Edmonton Automatic System holds third place. Fort William and Saskatchewan also report a better than average density of traffic.

In the last year for which returns are complete, conversations held on the Canadian telephone systems numbered around 2,450,000,000, or an average of 1,934 per telephone. Though there are over 3,000 systems in operation, the 11 major systems accounted for well over 90% of the traffic, 2,266,000,000 calls.

In point of importance the Bell Telephone Co. of Canada's system stands alone. This company has in service well over 700,000 stations on which the number of conversations held in 1936 totalled 1,416,000,000. B. C. Telephone Co. ranks second, followed by Saskatchewan and Manitoba.

A comparative idea of the size of the different systems and the volume of traffic they handle is set out in the following table:

Company:	*Total Conversations	No. of Telephones (1936)	Conversations per Telephone (1936)
Island Telephone Co.	8,359,000	4,157	2,011
Maritime Telegraph & Telephone Co.	83,666,000	39,500	2,118
New Brunswick Telephone Co.	58,582,000	29,366	1,995
Bell Telephone Company of Canada	1,416,674,000	708,607	1,999
Fort William Municipal System	11,974,000	4,706	2,544
Port Arthur Municipal System	6,584,000	3,486	1,889
‡Manitoba Systems	183,537,000	64,888	2,829
‡Saskatchewan Systems	170,354,000	79,420	2,145
Alberta Government Telephones	111,529,000	31,994	3,486
Edmonton Automatic System	42,079,000	16,382	2,569
British Columbia Telephone Co.	173,110,000	114,649	1,510
Total eleven systems	2,266,448,000	1,097,155	2,066
Balance other systems	182,744,000	169,073	1,081
Total all systems	2,449,192,000	1,266,228	1,934

‡Data as shown apply to entire province. *Local conversations estimated on counts made on representative days plus actual counts of completed long distance calls.

Use Tons of Paper List Subscribers

Thirty years ago it took 10 men with one horse and a wagon one month to distribute Toronto's telephone directories—12,000 slim volumes, about the size of a young poet's first edition. Present-day deliveries comprise over 250,000 volumes weighing nearly three pounds apiece. About 150 men with trucks and rigs are employed, but the work is done in nine days—a nine days wonder.

The Toronto telephone directory is the largest in Canada. The preparation of the latest issue required some 400 tons of paper and enough ink to fill a 5½-ton truck. If the books were piled one on top of the other, they would form a vertical column extending 6.2 miles, or nearly a mile higher than Mount Everest, the tallest peak in the world.

Telephones Pay Tax

Telephone systems in the Dominion paid $3,642,605 in taxes during 1936, the last year for which complete statistics are available. The Bell Telephone Co. of Canada contributed over two thirds of this amount.

Manitoba System Pays

Has Lowest Rural Rates in Canada

More Than 66,800 Telephones

An important exception to the unsuccessful operation of business enterprises by governments, is the Manitoba Government Telephone System.

Not only is the system modern and efficient in every respect, but it is entirely self-supporting. Taxpayers are not called upon to support it, as its revenues are more than sufficient to meet all charges, including bond interest, depreciation and provision for replacement. Furthermore, it provides service in rural districts at the lowest rate in Canada.

Started in 1880

The telephone service in Manitoba dates from 1880 when it was first introduced by private individuals operating a small exchange in Winnipeg. In 1881, the Bell Telephone Co. bought out this exchange. The next year it established exchanges at Portage La Prairie and Brandon. Although there were a few subscribers and the equipment limited and primitive, the rate charge was $60 a year.

Shortly after the turn of the century, there developed in Manitoba a movement for Government-ownership of telehpones. It was felt the Government would expand service with greater speed than a private concern. After considerable negotiation the Manitoba Government purchased the Bell system, the consideration being $3.4 millions of 40-year, 4% Province of Manitoba bonds. At that time, only 14,042 telephones were in operation.

Has Had Steady Growth

Since it was acquired by the Government, the system has shown almost steady growth. Today, Manitoba, with a population of over 700,000, has 69,743 telephones in use. Out of this number, 66,834 are direct subscribers to the Government system. The other 2,909 are connected with municipal systems and private companies. These private systems are connected with the Government long distance lines.

Indicative of the growth of the system is the fact that value of plant has increased from $14.3 millions in 1921 to $22.6 millions at Nov. 30, 1937. Given below are comparative figures of income and expenses in 1921 and 1937.

Revenue and Expense

	1937 $	1921 $
Revenue	3,055,306	2,906,463
Less: Oper. expenses	786,872	1,307,937
Maintenance	664,562	957,305
Depreciation	365,311	396,804
Interest	1,095,277	782,765
Surplus	143,284	*538,384

*Deficit.

As mentioned above, farmers in Manitoba enjoy the lowest rate charge for rural telephone service in any part of Canada. It should, however, be noted that rural districts have been given service at less than cost at the expense of subscribers in the cities.

The Manitoba Telephone System is also the only one in Canada which provides both unlimited and limited services to the rural communities. Those not desiring unlimited service have the privilege of a limited service at $1 a month, which permits 30 calls. Incoming calls and calls on the same line are free.

When necessity has been shown, long distance lines of the system have been extended to new districts. This service serves the northern mining districts of Manitoba, commonly known as the "Country North of '53." The long distance service is the cheapest in Canada and not only extends to every settled part of the province, but through the Trans-Canada Telephone System has connections with all points throughout the world.

Valuable Asset

The telephone system is one of the most important assets of the Provincial Government. Balance sheet of the Manitoba Telephone Commission as at April 30, 1937, showed total assets at $32.5 millions as against Government investment in the system of $20.8 millions. As already indicated, earnings of this system are sufficient to pay not only operating charges, but interest on the Government's investments and to provide for depreciation and replacement reserves. At April 30, 1937, replacement reserves of the Telephone Commission amounted to $11.2 millions. Of this amount, $1.3 million had been put into plant, $1.5 million appropriated for sinking fund, and $2.2 millions appropriated for reduction of funded debt. The remainder is invested.

Farmers 'Phone

The Farmers Telephone Co., which operates a telephone system in and adjacent to the town of Howick, P.Q., is controlled by the Bell Telephone Co. of Canada. At the end of 1937 the company operated seven exchanges.

Capital of the company consists of 3,976 shares of common stock, par value $25 each. Prior to 1934 the company also had preferred stock outstanding but in that year the preferred stock was exchanged on the basis of four shares of common stock for each share of preferred.

Dividends are paid on the common stock at the rate of $1.25 a share annually. In 1937 the company earned a profit of $7,808, equivalent to $1.96 a share on the common stock. This compares with earnings of $1.34 a share in 1936 and $1.27 in 1935.

Assets totalled $185,481. Investment in plant and equipment is carried at $167,000 against which a depreciation reserve of $66,000 has been set up.

At the end of 1937 current assets amounted to $12,620 as against current liabilities to $6,645, leaving working capital at $5,975.

Directors—*Robert Neilson, vice-pres.; *J. L. Choquette, Montreal; *W. R. Stuart, J. O. McKell, James Houston, Riverfield, Que.; J. E. Ness, Howick, Que.; Wallace Younie, Brysonville, Que. Gen. mgr. & sec.-treas.—*W. F. Welch.
*Executive committee.

CO-OPERATION *from* COAST TO COAST!

TRANS-CANADA TELEPHONE SYSTEM

is comprised of

THE MARITIME TELEGRAPH AND TELEPHONE COMPANY
THE NEW BRUNSWICK TELEPHONE COMPANY
THE BELL TELEPHONE COMPANY OF CANADA
THE MANITOBA TELEPHONE SYSTEM
THE DEPARTMENT OF TELEPHONES, SASKATCHEWAN
THE ALBERTA GOVERNMENT TELEPHONES
THE BRITISH COLUMBIA TELEPHONE COMPANY

THE TRANS-CANADA TELEPHONE SYSTEM

Linking the provinces from coast to coast with a web of instant telephone communication — a project of national and imperial significance — the Trans-Canada Telephone System is truly outstanding as an example of whole-hearted co-operation in the public service. It comprises an all-Canada, long distance telephone network extending 4,260 miles from Halifax to Vancouver, and inter-connects the systems serving all parts of the Dominion.

Made possible through continuous progress in scientific research, the system represents a united achievement of the seven major telephone systems in Canada — all working in harmony — each bearing its share of responsibility. As Lord Bessborough said at the inauguration of the all-Canada system in 1932, the whole system is "playing a significant part in increasing and strengthening the existing goodwill and esteem between the inhabitants of every part of the Dominion."

Trans-Canada Telephone System

Local Autonomy

Canada's Telephone Network is Split Into Over 3,000 Separate Systems

Distinguishing feature of the telephone industry in Canada, as to a large degree in the United States, is the extensive development of so-called independent telephone systems.

In the industry, the term "independent" is employed to distinguish the thousands of local and regional systems not embraced by the co-ordinated system of the Bell Telephone Co. in Ontario and Quebec. It also applies to the fairly large privately owned systems with province-wide ramifications in the Maritimes and British Columbia, and to the provincial government publicly owned systems in the three prairie provinces. The prairie systems serve the larger urban centres, connect the local private systems, and to some extent give local service.

There are substantially over 3,000 separate telephone systems functioning in Canada. Apart from six or seven big units, all are small local or district concerns operating an average of between 85 and 90 telephones apiece. The Bell Telephone network alone accounts for 56% of Canada's 1.4 million telephones in use, and 58% of all the conversations carried on over those instruments.

The Bell Telephone Co. takes in 63% of the $65 millions of gross telephone revenue in Canada, and accounts for nearly 70% of the net income ($8.5 millions) of telephone systems. A large share of the remaining $23 millions is taken by the provincial systems, publicly and privately owned, in the West and the Maritimes. The remaining thousands of small systems appear quite capable, as far as can be determined, of taking what is left and making a comfortable profit, while giving their subscribers a service that satisfies them.

Appeal of Independents

The continuing strength and appeal of the independents appears to spring chiefly from two sources, certainly as far as the smaller local and regional units are concerned. They do not attempt to adopt the equipment standards or highly organized operating and maintenance methods of the Bell System and the few other large companies, and thus are able to hold costs down.

The independents also enjoy the advantage of competitive bidding for their business in regard to equipment and supplies. The Bell System and several of the larger independents are associated with manufacturing concerns through centralized control of stock, and naturally buy from those concerns. But the majority of the independents are free to buy instruments, cable and other equipment selectively at best advantage, from such companies as Canadian Telephones & Supplies Ltd., Northern Electric Co., Stromberg-Carlson Telephone Manufacturing Co., Frost Steel & Wire Co., Siemens Brothers (Canada) Ltd., Canadian National Carbon Co., and Burgess Battery Co.

The largest independent system is that of the British Columbia Telephone Co., which with its associated companies in Chilliwack, Kootenay and Mission, B.C., gives service over some 120,000 of British Columbia's 130,000 telephones. Through Anglo-Canadian Telephone Co. this system is a subsidiary of the Associated Telephone & Telegraph Co. in the United States, and is thus associated with Canadian Telephones & Supplies Ltd. and Phillips Electrical Works.

Other large independent systems, with the approximate number of telephones operated, are:

Large Independent Systems

Name:	No. of 'phones
*Manitoba Telephone System	66,000
Saskatchewan	34,000
‡Alberta	32,000
Maritime Tel. & Tel. Co. (N.S.)	41,000
New Brunswick Telephone Co.	31,000
City of Edmonton System	17,000
Northern Telephone Co. (Ont.)	9,500

*Includes Winnipeg system.
‡Does not include Edmonton, and for past two years provincial government has been selling off local systems to private or co-operative groups.

Of the 3,000-3,300 independent systems, approximately 2,000 are co-operative enterprises functioning for the benefit of subscriber-shareholders. They are concentrated in Saskatchewan (1,200), Alberta (450), and Nova Scotia. The next largest classification consists of about 800 stock companies, of which about 350 are in Ontario, 250 in Alberta and 150 in Quebec. Another important group is made up of the 150 municipal systems, of which almost all (135) are in Ontario.

In regard to the municipal systems, it is pointed out by the Dominion Bureau of Statistics that only 11 of those in Ontario are strictly speaking publicly owned enterprises.

The set-up of independent telephone systems is rounded out by the small systems operated by partnerships and private interests, by governments in eastern provinces in provincial parks for fire rangers, and by the Dominion Government in outlying sections lacking commercial services.

To guard interests of independent telephone systems, with particular reference to Ontario, the majority of municipal and stock company groups in Ontario maintain their own organization, the Canadian Independent Telephone Association. Indicating the length of time independent systems have been flourishing, the annual convention of this body in Toronto this week is the 33rd yearly meeting of the Association.

Reciprocal arrangements for exchange of long distance business are operated by the Bell System and the independents, and the last two years have seen development of the Trans-Canada Telephone System through collaboration between the Bell Telephone Co. and the independents.

Can. Marconi Co.

Operates Radio Telephone Service — Earnings Improve

The name of Canadian Marconi Co. is usually associated with wireless and radio, but it also plays an important part in the telephone industry through the radio telephone.

The company operates wireless telephone and telegraph services and manufactures broadcast transmitters, radio telephone and radio telegraph transmitters and receivers for marine. land and aircraft use, radio direction finding equipment, Marconiphone broadcast receivers and transmitters.

It has 30 land wireless stations on the eastern coast of Labrador and Newfoundland. In 1927 it erected two beam stations at Drummondville and Yamachiche, P.Q., for the exchange of beam wireless messages with the British Post Office, and Australia. It is this system which connects Canada by telephone with Great Britain and other countries. The company also operates a radio telephone service between the north and south shores of the St. Lawrence, below Quebec. This year, it is establishing radio telephone service to Newfoundland in collaboration with the Bell Telephone Co. of Canada and Avalon Telephone Co.

Capital of Canadian Marconi Co. consists of 4,554,682 shares of common stock, par value $1 each. Of this amount, 2,300,000 shares are held by Canmar Investment Co., which is controlled by Cable and Wireless Ltd.

The earnings record of the company is anything but impressive. In 1937 the company earned only five cents a share as compared with three cents a share in the previous year and two cents a share in 1935. No dividends are paid on the common stock.

Total assets as at Dec. 31, 1937, are shown at $5.3 millions. Patents and patent rights are carried at $1,937,500, and land, buildings and equipment, after depreciation of $1,208,467, at $1,486,806. Current assets amount to $1,799,927 as against current liabilities of $345,308, leaving working capital of $1,454,619.

Directors—A. H. Ginman, pres.; Dr. M. L. Hersey and J. A. Boyd, vice-pres., Montreal; A. E. Dyment, Toronto; G. W. MacDougall, H. J. Symington, D. C. Coleman, Montreal. **Sec.** — James Fergus. **Gen. mgr.**—R. M. Brophy. **Deputy gen. mgr.** S. M. Finlayson.

Northern Telephone

The Northern Telephone Co. operates a telephone system in Northern Ontario with head offices at New Liskeard, Ont.

During 1937 telephones in use increased from 8,586 to 10,305. Greatest increases were at Timmins and Schumacher, Kirkland Lake and Swastika and Rouyn and Noranda. Switchboards were enlarged at a number of local exchanges.

There were outstanding at Dec. 31, 1937, $163,500 of 4% first mortgage serial bonds and 434,747 shares of $1 par value common stock. The new 4% first mortgage bonds replaced $158,000 of 6% bonds in 1937. Bank loans of $10,000 were retired during the year.

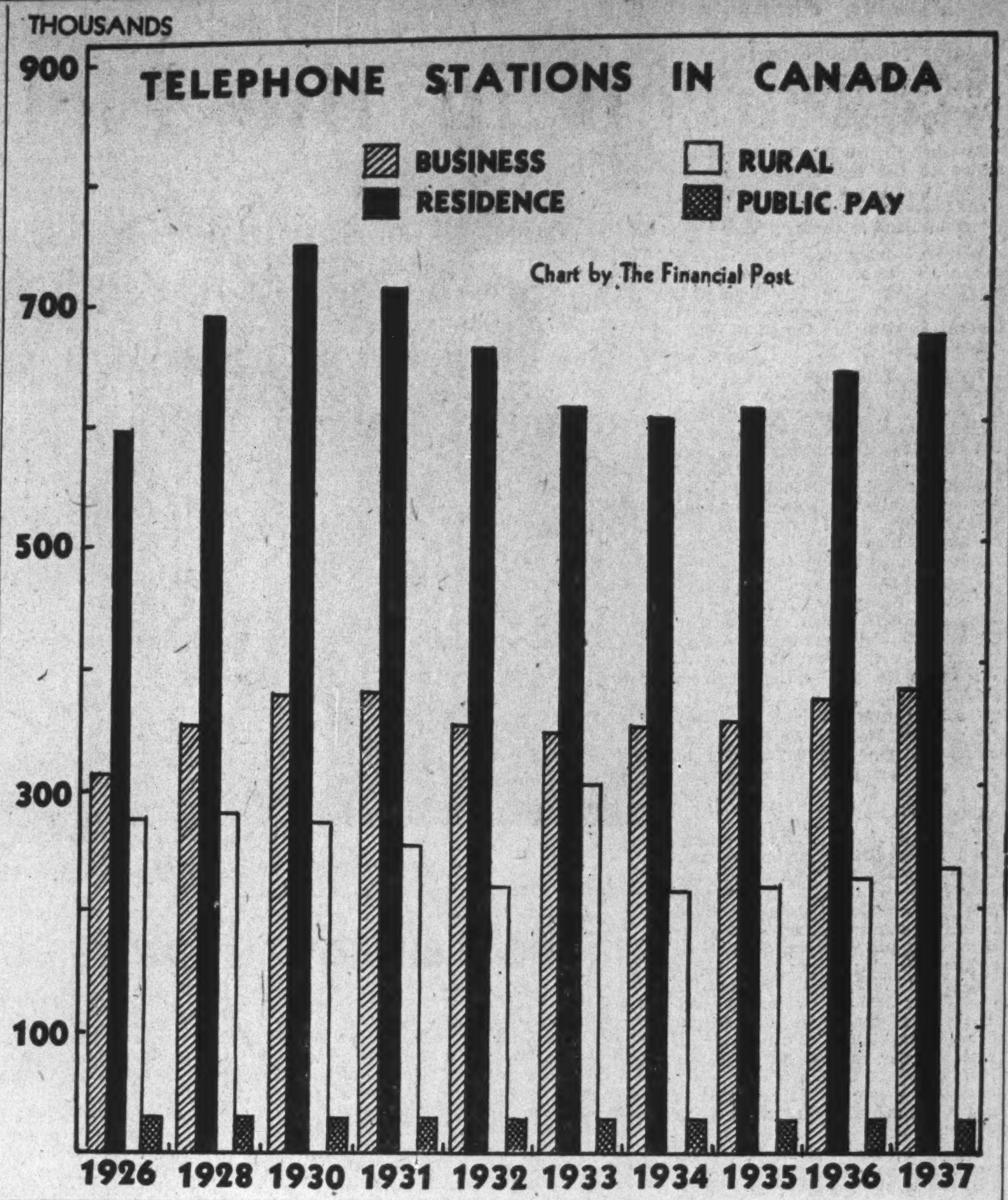
The present dividend rate on the shares is 8%, payable quarterly, which has been in force for a number of years.

The company services the rapidly expanding mining areas of the north and it has been necessary to make quite large capital expenditures which have been reflected in the comparatively weak working capital position of the company. At Dec. 31, 1937, there was an excess of current liabilities over current assets of $18,200 as compared with an excess of current liabilities amounting to $65,729 in the previous year.

Directors—T. McCamus, pres.; F. L. Hutchinson, vice-pres.; S. C. MacDonald, W. A. Taylor, R. R. Woods. **Sec.-treas. & mgr.**—P. R. Craven.

Montreal Surpasses India

Montreal has more than twice as many telephones as British India.



Saskatchewan Telephones

SASKATCHEWAN GOVERNMENT TELEPHONE SYSTEM

Year	No. of Local Town 'phones	†No. of Rurals Served at Dept. Exchanges	Earned Revenue Including Long Distance	—Long Distance— Pole Miles	Wire Miles
1915	15,567	6,385	715,306	3,622	15,760
1919	3,412	2,298	$ 104,717	1,132	3,280
1920	27,611	34,844	1,667,585	5,385	25,599
1925	31,783	40,939	2,140,534	6,364	35,348
1930	41,[illegible]59	43,968	3,012,757	6,749	45,853
1935	31,262	30,306	1,924,052	6,928	50,031
1938	33,828	31,933	2,125,324	7,022	50,264

†Additional rural subscribers are served at numerous small non-department exchanges.

B.C. Telephone To Install Dials

Vancouver's first automatic telephone exchange for the use of dial telephones will be placed in operation in November of next year, according to an announcement made by James Hamilton, vice-president and general manager of the British Columbia Telephone Co.

The first dial telephones will be in the downtown area where 1,500 telephone lines will be changed over to the dial system late in 1939. The remainder of Vancouver's telephone exchanges will be converted to the dial system over a period of years.

No operators on the permanent staff of the company will lose their positions as a result of the dial conversion programme.

Saskatchewan Telephones

Government System Serves Larger Centres—Co-operates With Others

Early in its career the first Saskatchewan Government faced the telephone problem. It decided on a policy of out and out Government ownership and operation in that portion of the telephone field which would necessitate expert technical maintenance and centralized handling. This includes the city, town, and most of the village exchanges, with their automatic, common battery or magneto switchboards and their local systems of underground and aerial cable distribution. It also includes the entire provincial long distance telephone network. This is the portion of the field to which applies the name Saskatchewan Government Telephones.

With respect to service for farms the Government decided, not on ownership and operation, but on a policy of actively fostering development coupled with close government control and supervision. This consists almost exclusively of iron party-line circuits and house telephones. The pole leads extend from 10 to 25 miles into the country radiating from respective trading centre, the usual point of switchboard connection. Though good maintenance is essential, a lesser degree of expert technical service is required to maintain this class of telephone plant. This is the portion of the telephone field in Saskatchewan which is owned and maintained by rural telephone companies.

Upward of 1,150 of these rural companies are in operation at the present time consisting of 261 Old Act Companies and 892 Current Act Companies. The former group consists of small systems. The capital outlay for this group was subscribed for by the individuals needing the service and shares were fully paid up at the time of construction.

Basis of New Act

In 1913-14 a new Act superseded the former one. It gave expression to the principles that (1) lands (quarter sections within 100 feet of pole line) rather than individuals should have telephone service made available for them, and (2) repayment of borrowed capital should be effected in 15 equal annual installments of combined principal and interest (debenture coupons), these installments to be spread and collected as a frontage tax levied against the lands served. (3) The occupant of land so taxed may demand service from the company. (4) Taxing privilege limited to the purposes of repaying debenture coupons or other capital cost purposes. Telephone rental charges for current running expenses of company to be borne by the individuals actually taking service. (5) Majority consent of resident occupants of lands affected, a prerequisite to initial borrowing under the debenture method.

Under this land tax plan of financing 892 Current Act Rural Telephone companies erected over 60,000 miles of pole leads and 106,000 circuit miles of wire, providing party line service to approximately 60,000 rural subscribers at a cost of approximately $17,500,000. This capital was raised by the sale of debentures, and of this amount approximately $14,500,000 principal has been repaid together with interest.

Brought Units Together

In 1884 in North West Territory days Regina had 9 telephones, and by 1889 the number had grown to 39. In 1893, a telephone exchange was opened in Moose Jaw with a total of 23 subscribers. On July 10, 1891, an exchange was opened in Prince Albert. As early as 1907 Saskatoon Exchange was (under local private ownership) converted to automatic operation, though of a different type of automatic from that in use today. Notwithstanding these early achievements it can be stated that in 1907-8 when the province decided on its policy of government ownership of exchanges and of the long distance telephone system, Saskatchewan was undeveloped from the point of view of telephone service.

As a first step the newly formed telephone department bought out the then existing telephone properties within the province, which consisted of 17 local exchanges and 4[illegible]2 miles of long distance pole lines.

For many years the main task of development was construction and more construction, and the record of the department is reflected in the accompanying table. The accompanying statistics (for each fifth year) give in brief a picture of growth and then recession, with the 1938 line showing some indications of a come-back.

Adopt Automatic in 1912

On June 30, 1912, Saskatchewan's largest exchange central plant, which was then the standard manually operated common battery style of exchange, was totally destroyed in the Regina cyclone. A temporary switchboard was set up to carry on service until a new permanent building could be erected. An advantage was snatched out of this disaster in that decision was made to replace with an automatic exchange. At that time this was a critical step to take. Regina and Saskatoon have both benefitted through early adoption of efficient and standardized automatic equipment, which type has not been outclassed in the 25-year interval. Also in this interval eight other exchanges in the province have been converted to automatic. At seven automatic exchanges the entire connecting rural systems have changed to dial operated party line telephones.

At no time during the past 30 years which constitute its career to date has the Telephone Department been other than self-supporting.

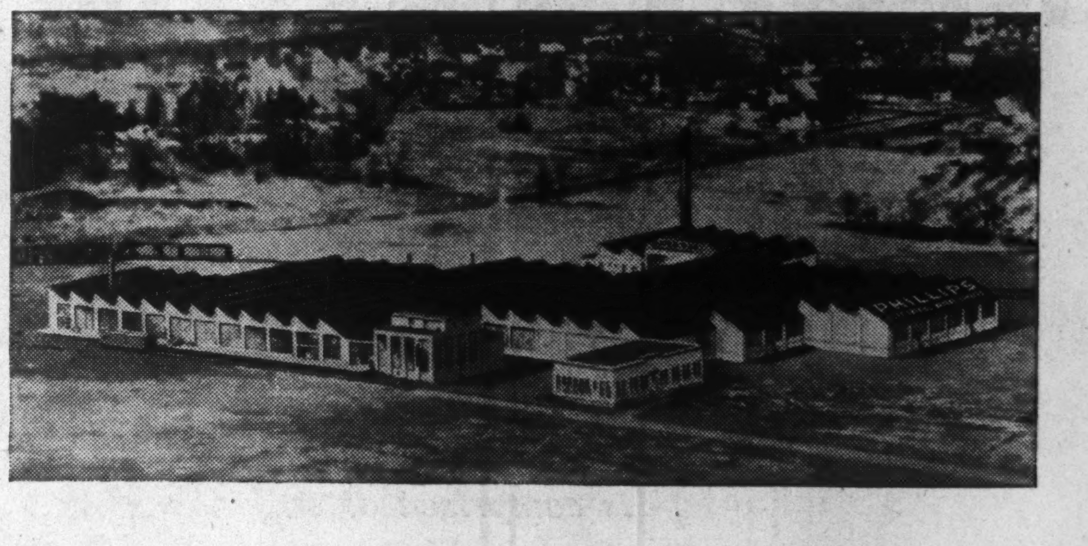
A Message From

PHILLIPS

To supply the telephone companies of Canada with equipment and materials involves far reaching responsibilities. For telephone service is a service vital to the public interest, and the manufacturers therefore have an obligation not only to the purchasers of their products, but also to every citizen of the Dominion who uses them.

In recognition of that obligation, the Phillips organization is dedicated to the idea that the service rendered to Canadian telephone users must at all times measure up to the highest standards. As their contribution to that end, Phillips has enlisted the aid of the world's foremost telephone research and development engineers to keep their products abreast of the times. In addition to having established the most modern manufacturing facilities, they have built up a service and technique which is manifest in the steadily growing recognition of the Phillips name.

With a background of almost fifty years of steady growth and progressive development, Phillips takes special pride in the part they have played in the development of the Canadian telephone industry, and pledge themselves anew to a continuance of their policy of manufacturing and supplying the finest equipment that modern science can provide — equipment that will enable telephone users to take pride in the service it renders.



The modern Brockville, Ont. works of Phillips Electrical Works Limited, is the scene of the company's new telephone manufacturing activities. Here are produced the latest and most efficient type of instruments and switching apparatus. Phillips also has a large plant in Montreal devoted to the manufacture of wires and cables.

PHILLIPS WIRES, CABLES AND TELEPHONE APPARATUS

Distributors in Canada

CANADIAN TELEPHONE & SUPPLIES, LIMITED

HEAD OFFICE: 284 KING STREET WEST, TORONTO, ONTARIO

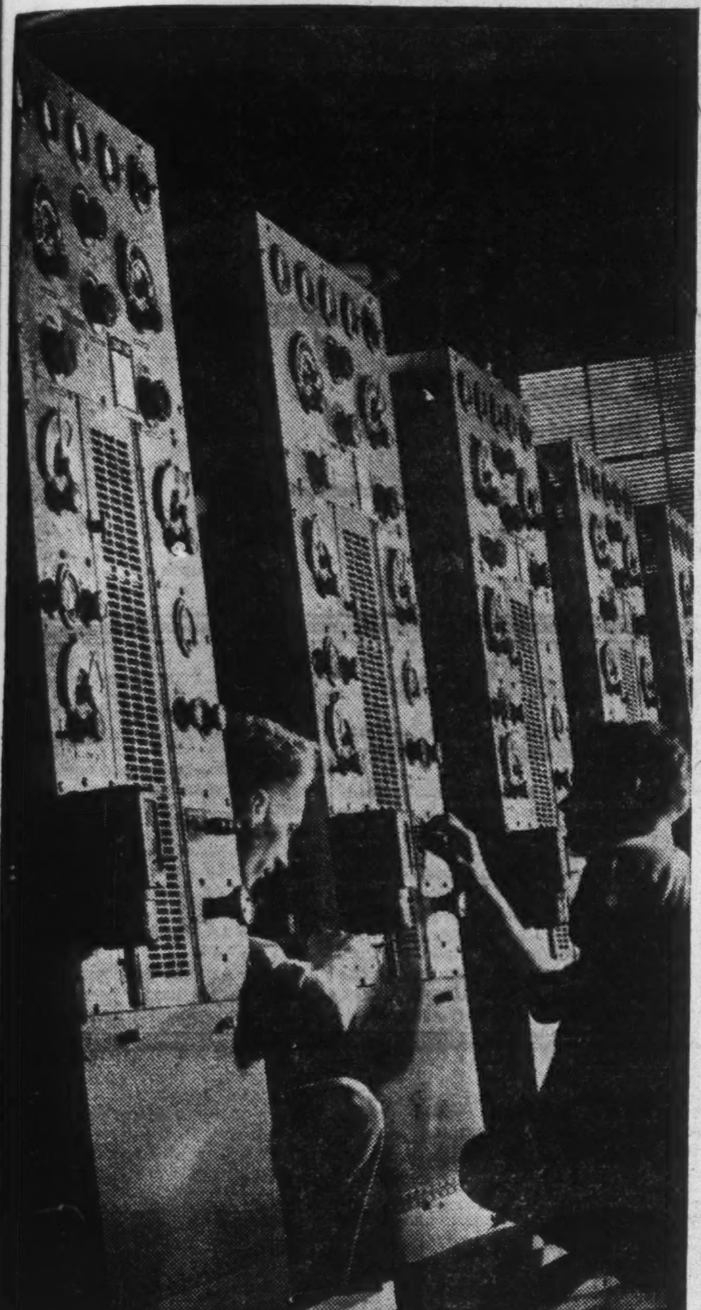
BRANCHES: WINNIPEG MONTREAL REGINA BROCKVILLE VANCOUVER

Research in the Field of Communication

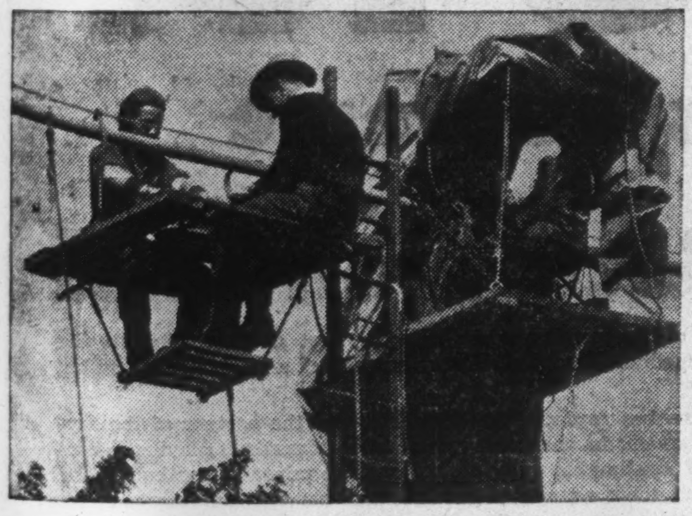
The story of how scientists have developed the art of communication to its present state of efficiency. Some interesting facts about the improvements that have taken place in your telephone service. Now no earthly limits to world-wide telephony.

By R. H. SPENCER

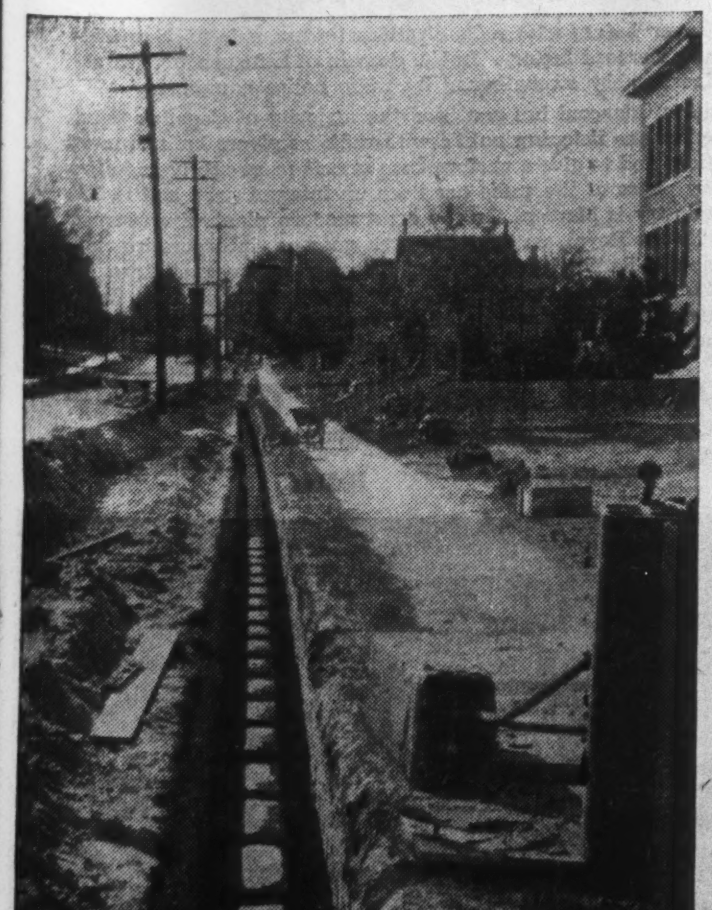
Vancouver's first telephone switchboard with George Pittendrigh, who installed it in 1885. It was rescued from the telephone office when fire destroyed the city in 1886.



Radio telephone equipment is playing an increasing part in the development of Canadian resources. Manufacturing equipment in the Marconi plant.



Working on a telephone cable.



Putting the wires underground.

THE average lay mind in these swift-moving days can do little more than catch the drift of scientific progress and try to appraise the benefits to society.

The newspapers only a few days ago described a new invention — product of the telephone laboratories — for showing the exact direction of approaching planes. A tiny speck of green light on a screen of frosted glass, even when visibility is completely masked out by fog or blinding storms, enables airport attendants to guide pilots to a safe landing.

A week or so later despatches described the test of an absolute altimeter — an instrument which reveals to a flyer his actual height above the ground, irrespective of barometric conditions. In crossing the Palisades of the Hudson River on a test flight the new instrument showed the true altitude above those formidable cliffs to be 250 feet, while the regular barometric altimeter maintained a constant reading of 800 feet — the height above sea level. Again, it was the telephone scientists, working with the air line experts, who produced the epoch-marking invention.

The fact is that telephone research workers in exploring the innumerable by-paths that lead out from their main line of investigation having to do with sound, its transmission, reproduction, and amplification, have perfected a host of inventions and devices that have proved of great benefit to humanity.

But, of course, their great contribution to the economic and social progress of their era has been in the field of communication. In the development of the telephone, improvements have followed each other in unbroken succession, practically since the inauguration of the service. In line, cable, central office switching apparatus, and subscribers' equipment there has been a cumulative progression in which successive advances have been so coordinated as to produce a continually improving service to the public. New developments in every part of the telephone plant have served to offset the tendency toward rising unit costs, keeping the charges within the reach of the humblest household.

Telephone talks over great distances no longer stir us to wonder. It has been demonstrated that there are now practically no earthly limits to the range of the human voice. Land lines have been perfectly co-ordinated with radio so that oceans and deserts and trackless wastes offer no obstacle to the scope of the spoken word. Passengers on ocean liners talk comfortably to their friends at home, and pilots of aircraft maintain voice contact with flying-field headquarters and so avoid many of the dangers of air travel.

THE TRIUMPH OF SCIENCE

Scientific research has found its outstanding vindication in the development of oral communication. If it were not for scientific endeavour present day voice communication by means of wire and wireless would never have developed to its present stage of efficiency. This is true in relation to any one of the many branches of telephone service. A long distance call of the early nineties, for example, was restricted to a radius of approximately 100 miles, while the transmission was such that it was often impossible to carry on an intelligible conversation. Telephone users were well satisfied then, if an out-of-town connection was established within a half hour of placing the call.

Contrast these conditions with those of today when well over 90 per cent of long distance connections are established while the calling party remains at the telephone. The average conversation commences within 85 seconds of reaching the long distance operator.

If you have grown up with the telephone, say from 1890 onwards, you have undoubtedly had occasion to marvel at its improvement since the day you first spoke into a transmitter. Probably you can recall some early experience with the telephone that brings to mind those pioneer days in the field of communication. Perhaps, on the other hand, you are like thousands today who take telephone service more or less for granted and are not so likely to have noticed the introduction of the loading coil, the telephone repeater, cable or automatic dial service.

One of the first tasks that telephone engineers and scientists set themselves to accomplish was the improvement of transmission on telephone calls. They found that when voice currents travel along two parallel lines for some distance, they tend to become short-circuited. To counteract this and prevent current loss, a method of loading was developed from a formula developed by Dr. Michael Pupin, and the result doubled the range of transmission.

Loading coils are still used today where wires are enclosed in cables but a new device, one that revolutionized long distance talking, was invented in 1915.

THE TELEPHONE REPEATER

Transcontinental telephony had long been the goal of men who daily strived to roll back the barriers that set definite limits to sound transmission. It was not until shortly after the outbreak of the Great War that their efforts were crowned with success. The appearance of the telephone repeater, which looks and functions like the vacuum tube amplifier of your radio receiving set, brought a solution to many of their problems. The repeater amplifies the voice impulses which have become weakened by travel over a long distance. Twenty-two repeater stations at strategic points along the coast-to-coast voice highway of the Trans-Canada Telephone System today permit a telephone user in Sydney, Cape Breton, to converse normally with a friend in Prince Rupert, B.C., to make the longest telephone call possible within the boundaries of Canada, a distance of over 4,900 miles.

But there is such a variety of equipment and apparatus in use by the telephone industry today, every piece of which is tremendously important in its own particular field, that it is difficult to single out any one that is more important than the other. All combine to provide us with the service we get when we lift the receiver to our ear. The absence of this or that gadget might have brought about a different conception of telephone service alogether.

THE STORY OF CABLE

Telephone cable is typical of the many developments made necessary by an increasing demand for service. As the possibilities of the telephone became generally known, and demand for service increased, additional plant had to be constructed. Picture if you can, our city streets today if, strung from pole to pole, there were two overhead wires for every telephone in service. Such a condition is unthinkable for several reasons.

At first a cable containing 25 wires was evolved. Each wire was covered with a cotton insulation impregnated with a waterproof compound, and the whole wound with a cotton braiding. In time, however, the moisture penetrated to the wire, and the cable had to be replaced. Then lead-covered cables were introduced, with the wires still covered with cotton. It was found that these lead and cotton covered wires were effective only for subscribers whose premises were within a half mile or thereabouts of "central." Beyond that, the voice current seemed to become distorted and so render successful conversation difficult.

Then came an improvement in cable which has continued down to the present day. The individual wires within the lead covering were wrapped in thin paper. This formed a perfect insulation. Step by step the talking qualities of cable improved, the wires decreased in diameter and the wire content of the lead covering increased. In the year 1888, cable was manufactured containing 50 pairs of wires—that is, it would provide wire facilities for serving 50 subscribers. Four years later, 1892, 100 pairs were made possible. By 1896 cable with 208 pairs of wires was in use and 5 years later (1901) 400-pair cable was perfected. The contents of the cable sheath has gone on increasing year by year, due to the wonderful success of scientists in evolving the proper type of wire and proper insulation. Today in the larger cities, 1800 pairs of wires are enclosed in a lead sheath no bigger around than a normal man's wrist and often we see them being pulled into underground ducts in our city streets. The talking qualities of the tiny wires in this wonderful cable have been preserved on the highest standard.

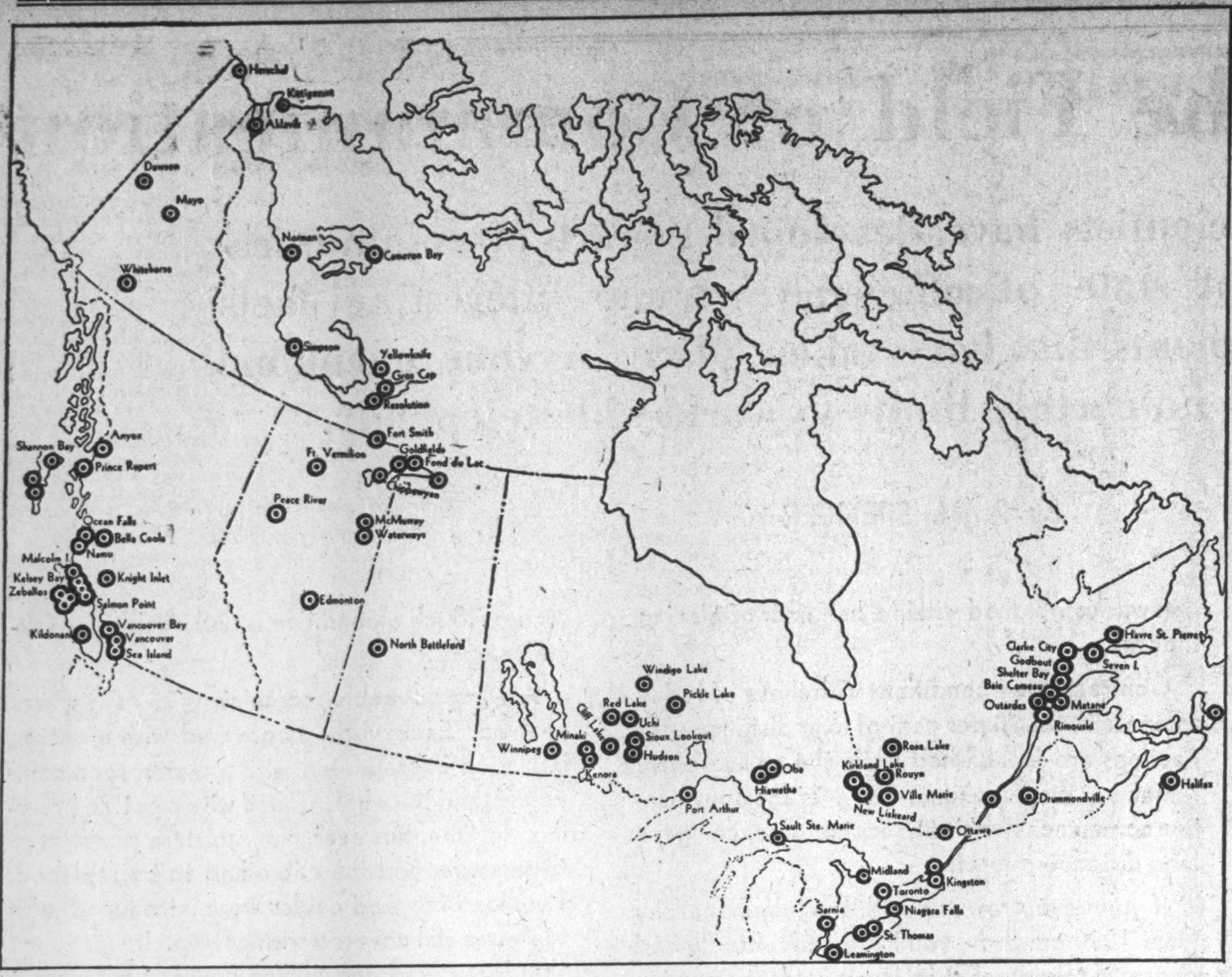
THE DIAL SYSTEM

A few facts about automatic dial service — for here is a mechanical system that truly may be said to operate almost with the speed and ingenuity of the human brain. By this apparatus and associated equipment calls are set up between telephones by means of a dial mounted on the instrument of the subscriber. As each digit is dialed, a series of electrical impulses is transmitted from a set of contacts in the dial, over the line to the central office equipment, elements of which respond to the impulses. The call is advanced, step by step, until a connection to the desired terminal is secured.

A splendid tribute was paid telephone engineers at Ottawa recently on the occasion of the largest single conversion from manual to dial service ever accomplished in Canada. The manner in which the work was planned and the change-over executed is typical of the efficiency and dispatch with which Bell Telephone employees tackle one problem after another.

THE ULTIMATE GOAL

The fact is that science has made her contribution to every single phase of communication apparatus and operating method. Where is it all to end? Is it possible that constantly improving oral intercourse between all parts of the world will soon bring about such mutual understanding amongst the people of all lands that war will become a still more remote possibility? If it were not for the barrier of language, this might well be a reasonable hope.



Radio telephone communication has a network of its own across Canada

Telephone Securities

Because of the indispensable character of telephone service, and its sound and progressive development as a means of national and international communication, the securities of the leading telephone operating companies are in the front rank of public utility investments.

We have, in the course of thirty-five years' experience in the underwriting of securities and their distribution to investors, been prominently identified with many of the principal Canadian telephone issues.

Information and quotations gladly furnished on request.

Royal Securities Corporation, Limited

244 St. James Street, Montreal
330 Bay Street, Toronto 2

Halifax, Saint John, Quebec, Ottawa, Winnipeg, Calgary, Vancouver, Charlottetown, Hamilton, St. John's, Nfld., London, Eng.

Radio Phone on the Frontier

Baie Comeau Installation Example of Service Provided in Backwoods

Radio-telephony plays an important part in the exploration of Canada's natural resources, especially when they are located in areas difficult of access.

Construction of a large paper mill, hydro-electric plant and complete townsite on the north shore of the St. Lawrence River by the Ontario Paper Co., for example, would have been greatly hampered by lack of adequate communication facilities. This difficulty was recognized at an early date by the company. After a careful survey it contracted for a complete Marconi radio-telephone service.

Installation was made in 1936 at Baie Comeau, Chutes aux Outardes and Shelter Bay to link these points with the outside world by means of a central Marconi radiophone station at Rimouski which is operated in co-operation with the National Telephone Co. At the latter point connection is made with the land-line telephone system which permits direct connection to the local and long distance telephone systems of the world.

The ability to talk directly with its offices in Chicago, Thorold or Montreal, and with contractors, suppliers and transportation companies proved to be of great value to the company during the construction period. As well as serving the business interest of the company, the radiotelephone has been a boon to individual employees and visitors and a large number of private calls are made over the system.

Links With Outside World

The radiotelephone at Baie Comeau not only provides communication with the "outside" and with other points on the North Shore, but also with the M. S. "Jean Brillant," the modern passenger vessel which shuttles back and forth between Rimouski and the various ports on the North Shore.

Today the radiotelephone at Baie Comeau continues to play its important rôle of conquering isolation and providing urban convenience on the St. Lawrence's North Shore.

Until recently, only very large radiotelephone circuits have been provided with "speech scramblers" to ensure privacy. However, urgent need for privacy on the Baie Comeau circuit and similar installations elsewhere in Canada, led the Marconi Company to develop a new type of "speech scrambler" that could be produced at a cost to permit its use in these circuits. The first two units manufactured were installed at Baie Comeau and Rimouski, and now radio listeners in the vicinity who tune in on the radiotelephone, only hear a jargon of unintelligible sounds. The conversation is converted back to its original form by means of similar "inverters" at the receiving point.

Sets in Duplicate

The transmitter and receivers at Baie Comeau are provided in duplicate with special arrangements for quick change over, to take care of accidental failure of either unit. A gasoline electric plant is also provided to supply power to the equipment, should any interruptions occur to the power supply.

Special arrangements are provided for direct radio communication between Baie Comeau and the power generating plant at Outardes, so that in the event of telephone line failure, contact with the power generating station can be maintained—a most important provision.

Ship-to-Shore

23 Vessels Equipped to Handle Calls to Land Points

No sooner was trans-oceanic telephone service made available commercially, than the engineers intensified their efforts to bring about ship-to-shore service. On September 8, 1929, two-way telephone service with a ship at sea was established for the first time on a commercial basis.

Two-way voice communication is available now with about 25 ocean ships, including the Empress of Britain, the Queen Mary, Normandie and other boats of that type.

Two records for this type of service were established during the maiden voyage of the giant liner "Queen Mary." Thirty-seven ship-to-shore calls in a single day and a total of 74 telephone conversations during the crossing to New York, exceeded by far the total of any previous Atlantic crossing.

Ship-to-shore telephone service is now available to the following ships:

Aquitania
Bremen
Caledonia
Columbus
Conte di Savoia
Deutschland
Empress of Britain
Europa
Hamburg
Hansa
Ile de France
Manhattan
Monarch of Bermuda
New York
Nieuw Amsterdam
Normandie
Queen Mary
Queen of Bermuda
Reliance
Rex
Titibu Baru
Transylvania
Washington

OKANAGAN TELEPHONE COMPANY LIMITED

Supplies Telephone Services to the entire

OKANAGAN VALLEY and CITY OF REVELSTOKE

British Columbia

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Head Offices
The Royal Bank Building
Vancouver British Columbia

Phillips Electric

Earns Bond Interest by Good Margin — Makes Equipment

Incorporated in 1917 to acquire the assets and undertaking of Eugene F. Phillips Electrical Works, Phillips Electrical Works Ltd. is one of the oldest and largest Canadian manufacturers engaged in the fabrication of copper rods, shapes and electrical wire and cable used principally in the electric power and telephone industry. It is also engaged in the manufacture of telephone instruments and switching equipment.

Plant at Brockville

At Brockville, Ont., the company operates a copper rolling mill for the manufacture of copper rods, flats and shapes. In connection therewith it operates a modern and completely equipped plant for the drawing and manufacturing of wire products. At the same location it has a plant for manufacturing telephone equipment. At Montreal, the company operates a plant for the manufacture of power cable and telephone cable. The copper rolling and wire drawing mills of the company are capable of fabricating and manufacturing approximately 50 million pounds per annum of copper rods, shapes and electrical wire and cable.

In addition to supplying the Canadian market, the company does an extensive export business. During the past year its products have been shipped to the United Kingdom, Mexico, Brazil, Switzerland and other countries.

Sells to Independent Companies

Through Associated Telephone and Telegraph Co. Phillips Electric has the advantage of close collaboration on technical matters with the engineering and manufacturing staff of Automatic Electric Co., Chicago, one of the leading telephone manufacturing companies of the world.

Marketing and distribution of Phillips Electric products is carried out by a separate organization. This is Canadian Telephones & Supplies Ltd., established some six years ago around the nucleus of an old-established company catering to independent marketing concerns. Offices of Canadian Telephones & Supplies are maintained in Toronto, Brockville, Montreal, Winnipeg, Calgary, Regina and Vancouver.

Principal market for Phillips telephone products is found in sales to the numerous independent (non-Bell) operating companies throughout Canada of cables, switching equipment, wire and instruments. With the distributing company, engineering advice and detailed plans are also furnished the smaller companies. Co-operation is also afforded the larger companies such as the British Columbia Telephone Co. and other B.C. subsidiaries of Anglo-Canadian Telephone Co., which between them operate over 120,000 telephones. Currently under way are large installations of automatic telephone equipment at Vancouver, Edmonton, and Timmins.

Communicating Systems

The company also does considerable business in meeting needs of industrial and commercial concerns for inter-office or plant communicating systems, protective equipment, substation accessories and miscellaneous communication supplies.

Phillips Electric was the first concern in Canada to produce telephone cable and copper wire. The original plant was established in Montreal in 1889 but operations required a larger factory in the same city in 1904. The nucleus of the plant at Brockville was built in 1921, and gradually enlarged to meet expanding business. The large addition for production of telephone apparatus was constructed in 1935.

Capital

Capital of the company consists of $1 million 5% first mortgage bonds and $3,600,000 of common stock.

As at Dec. 31, 1937, fixed assets of the company were valued at $2.9 millions. After deducting the reserve for depreciation of $895,936, depreciated fixed assets were slightly over $2 millions. Current assets amounted to $1,450,603 and current liabilities $664,022, leaving net current assets of $786,589.

Bonds Well Secured

Total depreciated fixed assets and net current assets at Dec. 31, 1937, were $2,790,114. After sale of the $1 million bond issue, the depreciated fixed assets and net current assets amounted to $3,735,115, which is equivalent to $3,735 per $1,000 first mortgage bond.

Average annual earnings available for bond interest, before charging depreciation and income taxes, for the three years ended Dec. 31, 1937, amounted to $236,910, equal to over 4.7 times the annual interest requirements on the first mortgage bonds now outstanding. After deducting the average annual provision for depreciation, there is a balance of $156,910, equivalent to over 3.1 times interest requirements. In the year ended Dec. 31, 1937, profit before providing for interest, depreciation and income taxes, amounted to $290,818. Net earnings after depreciation amounted to $190,818.

Directors—W. C. Pitfield, chm., Montreal; T. W. Brackinreid, pres., Brockville, Ont.; F. N. Phillips, vice-pres., Providence, R.I.; W. F. Benoist, vice-pres., Chicago; A. F. Adams, J. W. Shipman, Chicago; J. J. Creelman, J. B. McCarthy, Montreal; Lawford Grant, Brockville. Sec.-treas.—J. C. Mace.

Longest Telephone Call in Canada 4,924 Miles

The longest telephone call that can be made within Canadian boundaries would be from Sydney, Cape Breton, to Prince Rupert, B.C., a distance of 4,924 miles. The call would travel via Halifax over the trans-Canada line to Vancouver, 4,201 miles—and would then proceed via radio circuit to Prince Rupert.

Toronto Beats China

Toronto alone has more telephones than there are in all China.

Great Lakes Ships Use Phone

Probably the greatest single forward step toward safety of life at sea was achieved with the advent of wireless telegraphy which has served to minimize, to an extraordinary degree, the hazards of the sea. For some years past this protection was enjoyed principally by ships of large tonnage on both salt and fresh water. Though the need was just as vital, the smaller ships, for economic and other reasons, could not always afford this protective equipment.

The gap was filled with the introduction in 1937 of a ship-to-shore radio-telephone service on the Great Lakes.

This addition to the already comprehensive radio-telegraph service on the Canadian side of the Great Lakes embraces ultra-modern high-power radio-telephone installations at Port Arthur, Sault Ste. Marie, Midland, Point Edward, Port Burwell, Toronto and Kingston, thus providing complete radio-phone ship-to-shore service throughout the entire length of the Great Lakes. The equipment, designed, manufactured and installed by the Canadian Marconi Co. represents the latest development in this particular field.

Demand Rugged Equipment

Ship radio-telephone equipment is rugged and compact and simple in operation. Shipboard installation is normally made in the navigating quarters where it is immediately available to the ship's officers who thus operate their own communication service, thereby obviating the necessity of carrying a trained wireless operator.

Since August last year 41 Canadian ships have been equipped with this type of apparatus.

Where Radio Must Not Fail

MARCONI

Reigns Supreme

•

Pushing Back Frontiers!

Marconi Radio Range Beacon Transmitters undergoing final assembly at the Marconi factory. These Transmitters are being supplied to the Department of Transport for use at airports across Canada.

Since that memorable day at the dawn of the century when Marconi first gave wireless to the world annihilating space and time, the Canadian Marconi Company has played a vital part in pushing back the country's frontiers.

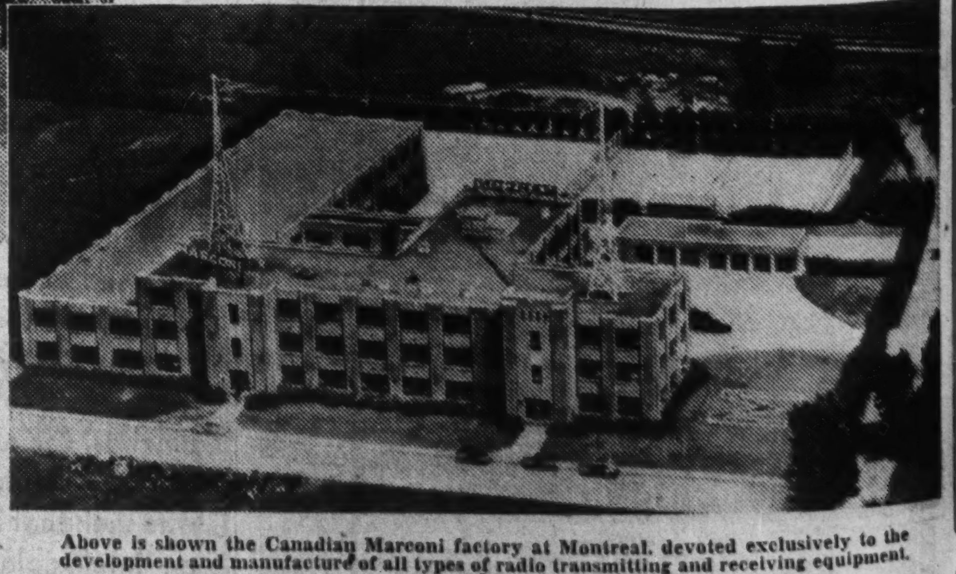
In opening up the northland, the airplane has replaced the dog team, and the partner of the skyways has been the airways service of Marconi; in the mining field, where Canada is playing so conspicuous a part, radio has again been of inestimable value in keeping the mines in continuous and immediate touch with their markets and their sources of supply; in preserving our forests, which form so great a part of our national wealth, space and time have again been mastered by the radio services employed by forestry patrols.

Ships at sea have been safeguarded as never before with radio direction finders, ship-to-shore telephone apparatus, and other products of the Marconi factory. In the domain of safeguarding private property, the arm of the law has been inestimably strengthened by radio police equipment.

In the field of entertainment and education, Marconi has equipped the majority of Canada's finest radio stations and has supplied the listening public with radio receivers built to meet unique Canadian conditions and to give a performance second to no receivers in the world today. In every phase of life radio has been an integral part, and in the forefront of the industry is Marconi. In the great modern plant which stands at the base of Mount Royal, untiring research goes on, incorporating into Radiotelephone and Radiotelegraph transmitters and receivers still greater wonders. The Marconi organization has won the reputation from those best qualified to judge—the reputation which is embodied in the slogan, "Where radio must not fail, Marconi reigns supreme."

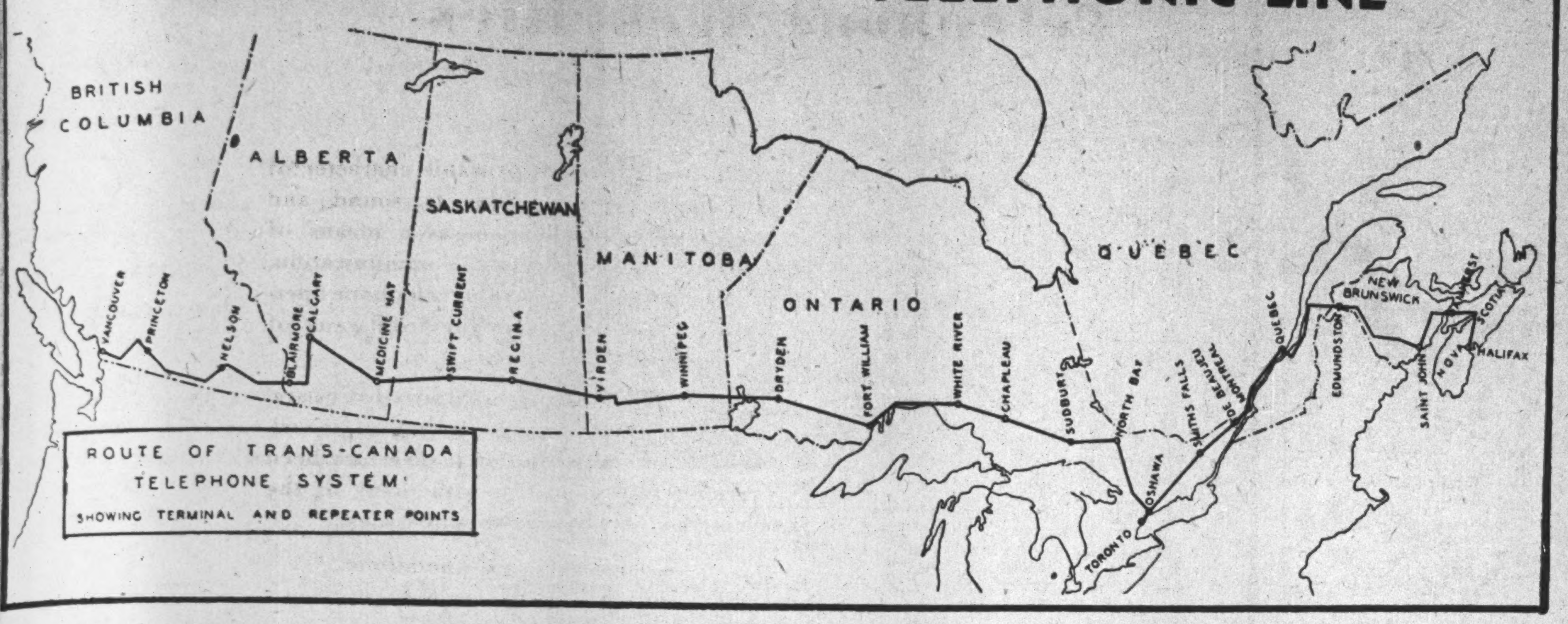
CANADIAN MARCONI COMPANY
Marconi Building, Montreal
Vancouver Winnipeg Toronto Halifax St. John's, Nfld.

Interior Canadian Marconi Transmitting Station, Drummondville, Que. Telegrams for all parts of the world are sent from these powerful Transmitters. For SPEED and ACCURACY mark your overseas messages "Via Marconi" and file with any Canadian National Telegraph office.



Above is shown the Canadian Marconi factory at Montreal, devoted exclusively to the development and manufacture of all types of radio transmitting and receiving equipment.

CANADA'S "ALL RED" TELEPHONIC LINE



Seven Systems Provide Trans-Canada Phone Service

Behind the Trans-Canada Telephone System lies the co-operative effort of the seven larger telephone systems in Canada, consisting of the three government-owned systems of Manitoba, Saskatchewan and Alberta; the British Columbia Telephone Co.; the Bell Telephone Company of Canada, operating in Ontario and Quebec; and the two Maritime systems, New Brunswick Telephone Co. and the Maritime Telegraph and Telephone Co.

The question of providing transcontinental service completely over Canadian lines was first discussed in 1921, at the opening meeting of the newly-formed organization called the Telephone Association of Canada. A report presented in the following year indicated difficulties which were considered insurmountable at that time in providing lines through the Rockies, around Lake Superior and the sparsely settled district somewhat east of Quebec to the New Brunswick border. Although further discussions took place at the annual meetings in 1924 and 1925, no important progress was made until after the successful conclusion of the Jubilee broadcast in 1927, which seemed to give the project the necessary impetus.

Started Out in 1928

In 1928 the Bell Telephone Co. was requested to proceed with an engineering study of the possibility of linking Halifax with Vancouver over Canadian lines. At the September, 1929, meeting of the Association a favorable report was submitted.

Work was started in 1930 on the basis that each telephone system would provide the facilities required in its own territory, thus bearing its share of the total cost, which was estimated at approximately $5 millions.

Many Physical Difficulties

In the section through the Rockies and along the north shore of Lake Superior, the Canadian Pacific Railway had erected telegraph lines when the railway was built. Their pole lines were, however, first utilized in 1928 by the telephone system to carry telephone lines through these barren sections. In the East, wire was erected on connecting companies' leads between L'Islet and Riviere du Loup and a new lead was constructed between Riviere du Loup and Edmundston, N.B.

Although by the beginning of 1929 circuits were available between each adjacent province and worked satisfactorily for this purpose, it was not possible to utilize them for Trans-Canada service. A connection between Halifax and Vancouver under such conditions would require seven switches, and even if the connections were established, it would be doubtful if the subscribers could hear each other, due to the type of facilities in use.

Use Only Two Switches

The Trans-Canada System circuits are so designed now that a call from Vancouver to Halifax requires two switches. High-grade pole lines have been made available between Halifax and Vancouver to carry these circuits. To provide pole lines with sufficient strength, it was necessary to completely rebuild some 2,000 miles of line and to add poles in other sections. The largest-sized standard wire for telephone purposes, one-sixth of an inch in diameter, has been used for over three quarters of the distance. In addition it was possible to take advantage of new developments, such as an improved carrier and Pyrex insulators, to ensure that high-grade service would be given even on the longest calls.

Some of the longest circuits on the Trans-Canada System are Vancouver-Winnipeg, 1,728 miles; Montreal-Winnipeg, 1,582 miles; Toronto-Winnipeg, 1,283 miles; Calgary-Winnipeg, 913 miles; Montreal-Halifax, 890 miles; and Calgary-Vancouver, 815 miles.

22 Repeaters in Service

A call from Halifax to Vancouver traverses some 4,200 miles of line.

A voice travelling along the wire diminishes in value. Unless some means are taken to bring the current back to its original value, the amount of current arriving at the far end would be so small that it would not be possible to detect it, even with the most delicate instruments known to science. To bring the voice currents back to their original value, repeaters are located at 22 points between Vancouver and Halifax. The time taken for the voice currents to travel from Halifax to Vancouver amounts to about one-thirtieth of a second.

Splicing a cable is a delicate job.

Watch For Trouble

In view of the length of circuits involved in the Trans-Canada System, the possibility of line trouble and varying weather conditions affecting the operations of the circuits is far greater than in the case of shorter circuits. On account of the importance of the Trans-Canada circuits, they are kept in service the maximum amount of time throughout the 24 hours. Constant attention is given to them. A highly-trained personnel has been organized to see that routine tests are carried out on a periodic basis. Standby facilities are available throughout, to which the regular circuits may be switched in time of trouble. Telephone typewriter system is available whereby any station may communicate with any other station over the particular section in order to speed up the work of repairing lines or adjusting equipment.

Control of System

General administration of the Trans-Canada Telephone System is carried out under a management committee. This committee, of course, has an executive representative from each system. There are several functional committees, while the general committee has access to the data pertaining to all branches of telephone operation, such as engineering, traffic, plant, accounting, advertising, legal and commercial. Under this committee a clearing house is operated which receives reports of Trans-Canada revenue and sees that it is properly proportioned between systems and the necessary settlements carried out. This saves the necessity of each telephone system having to settle with all other systems.

It is a fact that Halifax was able to reach Vancouver for several years prior to the inauguration of the Trans-Canada System, but these calls were routed mainly over American lines and, on this account, took a somewhat longer route than the Canadian system. The latter not only provides a more direct route, with fewer switches, but has resulted in generally improved service.

Siemens Brothers

Canadian Subsidiary of British Firm Active in Western Canada

While Siemens Brothers and Company Limited of Woolwich, London, England, have been actively connected with the telephone business in Canada for about 20 years it was not until 1924 that a wholly owned Canadian subsidiary known as Siemens Brothers (Canada) Limited came into existence with headquarters in Winnipeg.

In 1921 Siemens Limited (the British company) obtained the contract from the Manitoba Telephone System for the supply and installation of automatic telephone equipment to replace the manual telephone exchange in the St. John (Winnipeg) telephone area. The equipment was cut into operation in 1923. In the following year the Canadian company was formed with head offices and commercial and engineering staffs located in Winnipeg.

The Canadian directors are H. A. Bergman and P. H. Winstanley. The latter being also the Canadian manager. While the company is a wholly-owned subsidiary, it carries on its entire Canadian business as a Canadian company with the advantage of having always available the result of the parent company's extensive research and development laboratories.

Extensive Installations

In the years which have followed the formation of the Canadian company it has supplied and installed exchanges in many cities in Western Canada including our exchanges in Winnipeg with 20,000 lines; Saskatoon, Edmonton, two exchanges, 6,000 lines besides toll exchanges and a large number of small public and private automatic and manual exchanges.

The parent company is one of the four or five larger companies of its kind in the world, manufacturing all kinds of electrical equipment including submarine cables. Very nearly half of the cables which span the North Atlantic were manufactured by the company's Woolwich plant and were laid by its own cable ship, The Faraday. Established in 1858 by William Siemen, later Sir William, the original modest plant at Woolwich has been extended until it now covers an area of 27 acres while its manufacturing activities have been extended to take in all the complex and various parts of communicating systems.

Large numbers of the parent company's new type hand set telephone known as the Neophone are now in use in Western Canada.

Record Peak Hours in Telephone Traffic

The busiest hours of the day for telephone operators and dial equipment are between 10 and 11 a.m., when the day's work is getting under way, and between 7 and 8 p.m. when most of the social calls are being made.

WEST CANADIAN HYDRO ELECTRIC CORPORATION

We offer and recommend:

The new participating preferred shares of this company

Dividends: 80c per annum
Price: $11 per share
Yield: 7.25%

This company owning and operating its own hydro-electric generating plant supplies power and light to the cities and district of North Okanagan, B.C., including city of Vernon.

You are invited to discuss your investment account with us.

LAURENCE SMITH & CO. LTD.
INVESTMENT SECURITIES

VANCOUVER Royal Bank Bldg. TORONTO Canada Permanent Bldg. VICTORIA Arcade Bldg.

Okanagan Phone

Okanagan Telephone Co., subsidiary of Canadian Public Service Corp., is the second largest telephone system in British Columbia. It has been in operation for the past 24 years.

The company and its two wholly-owned subsidiaries, Summerland Telephone Co. and Solar Telephones Ltd., supply telephone services to various cities and communities in the Okanagan Valley and adjacent territory.

In December last it took over the assets and funded and other indebtedness of Canadian Western Telephone Co. Previously Okanagan Telephone had been controlled by Canadian Public Service Corp. through the Canadian Western Telephone Co.

Capital Structure

Capital of Okanagan Telephone Co. consists of $510,500 first mortgage bonds, $274,000 of 6% debentures and 10,000 shares of no par value common stock. The common stock is all owned by Canadian Public Service Corp.

As yet no financial statement of Okanagan Telephone Co. has been published. However, net profits of the predecessor company, Canadian Western Telephone Co., amounted to $19,684 in the year ended June 30, 1937. Interest on both the bonds and debentures was earned by a good margin. Earnings of Okanagan Telephone Co. should be even better

Directors—Brig.-Gen. J. A. Clark, pres.; J. E. Elliott, R. C. Buchanan, L. P. Smith, Stanley Burke, Ross Peers, all of Vancouver. Sec.—G. S. Robertson.

Bell Laboratories

From the constant effort of the Bell Telephone Laboratories to improve telephone and sound equipment, there have been many by-products which have contributed to the welfare of the human race.

The discovery by Bell engineers of permalloy, a magnetic metal alloy, resulted in a device being developed to aid those with impaired hearing. This neat apparatus which may be attached easily to the ear makes it possible for a person who has lost up to 60% of his hearing to again follow a normal conversation.

The electrical stethoscope was developed and has proved of inestimable value to physicians and medical science. This permits a full class of students to listen to heart murmurs and lung sounds of a patient at the same time as their medical instructor.

The electrical probe is a blessing to surgery. It is a device which detects foreign materials such as bits of metal which may be deeply embedded in the body.

The artificial larynx is a godsend to the person who has lost the power of speech. By virtue of this device, it is possible to continue to speak clearly and with a well-modulated voice.

Other products of the Bell Laboratories are the telephone-typewriter, talking movies, telephotography and television. Advancements have also been made in other fields such as in lighting, transportation, refrigeration and housing.

Alberta Telephones

Exchange and Toll Lines Profitable — Rural Lines Not Profitable

Alberta was the first province in the Dominion to have a Government-owned telephone system. Disappointed with the slow extension of the telephone system the province entered the telephone field as a direct competitor of the Bell Telephone in 1906.

The first Government line was built in the fall of 1906 and cut into service in the spring of 1907 between Calgary and Banff. In 1907 other lines and exchanges were installed. Under the stimulus of competition, the Bell Telephone also became active in extending its services.

Fortunately competition did not continue long. Early in 1908, Bell Telephone disposed of its complete plant, privileges and rights to the Provincial Government for $675,000.

In the early days long distance was not an important factor. In 1896, the Dominion Government converted the telegraph line between MacLeod and Lethbridge to long distance use. This was the first long distance telephone line in the province and it gave satisfactory service for a number of years.

First Long Distance Line

The first line built expressly for purposes of long distance telephony was constructed between Lethbridge and Cardston by the Mormon people.

Under Government-ownership the telephone system was extended rapidly. It was not limited to long distance lines and urban exchanges which have proved self-supporting, but was immediately extended to rural districts. The original rural rate schedules were calculated to pay the cost of operation and maintenance only, without any allowance for capital charges. Actually, in spite of subsequent increases, rural earnings were not even sufficient to provide for maintenance charges for that part of the development.

Had Automatic Exchanges Early

At the end of 1909, service was being furnished from 191 exchanges linked together by nearly 2,500 miles of long distance lines. In the same year, Calgary's first automatic exchange was opened. One had been installed at Strathcona in the previous year. The second automatic exchange in Calgary was opened in 1910.

Control of the telephone system was shifted in 1912 from the Department of Public Works to a new department of Railways and Telephones. In the years 1912 to 1914 the system nearly doubled in size, but during the war years it marked time.

At the close of the war, expansion began again so that the system today is almost five times the size it was when the Department of Railways and Telephones was created in 1912.

From the time of the installation of the first automatic exchange in Strathcona in 1909, dial telephones have been standard equipment in the larger centres.

Long distance lines blanket the province and are connected with the Trans-Canada Telephone System. The Peace River block will shortly be connected by means of a radio telephone as well as the mining areas farther north at Yellowknife, Fort Smith and Waterways.

Heavy Losses On Rural Lines

From the financial point of view, Alberta's experience has not been a happy one, due to the large expansion of rural lines. Because the rural lines were a constant drain on the telephone system as a result of the deterioration of the rural plant the Government was forced to examine the whole situation. The Barker report in 1934 indicated the investment in rural lines had been deadweight debt, and that $4½ millions would be required to rehabilitate the system and continue operation. The province chose to cut its losses and has since sold its rural lines at nominal prices to mutual companies consisting of present subscribers, or has scrapped them.

The balance sheet of Alberta Government Telephones as at March 31, 1937, shows physical properties at $15.3 millions.

Capital debt of the system to the Alberta Government is shown at $28 millions. Part of this represents bonds sold to finance construction of rural lines which have since been sold. The balance sheet shows losses on sales and abandonment of rural lines, toll lines and equipment at $8 millions.

Revenue Totals $2.3 Millions

The system's operating revenue amounted to $2,339,581 in the year ended March 31, 1937, and operating expense at $1,034,142, leaving telephone operating earnings at $1,305,439. Net surplus for the year before provision for bad debts and depreciation was $367,803.

As presently constituted the Alberta Government Telephone System has 32,300 telephones in service and has connections in Alberta serving an additional 33,480 telephones. It has 275 exchanges and 43,340 miles of long distance lines.

Canada Wire

Producer of Copper Wire and Cables Records Wide Expansion

Canada Wire & Cable Co. manufactures all types of copper wire and cables from the finest enamel wire to the heaviest underground and aerial cables. In addition, it makes steel wire rope and cables, brass fittings and copper pipe.

Three plants are owned by the company. Wire plants are operated at Hamilton and Leaside. At Montreal East, rod mill and wire drawing plant is operated.

After the war the company moved its wire and cable business from Toronto to Leaside. In 1929 it acquired the Hamilton properties of Standard Underground Cable Co. of Canada, a subsidiary of General Cable Corp., New York.

Substantial interest in the company is held by Noranda Mines Ltd. and General Cable Corp.

Financial Position Improves

In recent years operating profits of the company have shown wide expansion, touching a high of $1,173,360 in 1937. After taking in other income and allowing for depreciation and taxes there was a net profit of nearly $800,000. This is a new record.

Financially the company has built up a strong position in the course of the years. At the end of 1937 current assets exceeded current liabilities by more than $2.9 millions.

Directors — Herbert Horsfall, pres. and man. dir.; W. H. Marsh, vice-pres. and sec.-treas.; J. Y. Murdoch, J. R. Bradfield, all of Toronto; J. S. Aird, L. H. Timmins, P. A. Thomson, Montreal; D. R. G. Palmer, Walter Robbins, C. R. Myer, New York. Compt.—J. E. McCallum. Asst. sec.-treas.—A. I. Simmons.

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Radiotelephone Service for Isolated Points in B. C.

Proving a great boon to many of British Columbia's main industries, including logging, mining, fishing and the manufacture of pulp and paper, is the radiotelephone service provided by the North-west Telephone Company, associate of the British Columbia Telephone Company.

The above map shows points that are given telephone connection by radio. Service to some, of course, is seasonal. Large expanses of water and rugged or sparsely settled country make the construction of telephone lines to these places out of the question, but their communication problems are solved by direct radio circuits to Vancouver and Prince Rupert. At Vancouver, connection is made with the network of the British Columbia Telephone Company and thus with the international telephone network. Conversations are held just the same as on ordinary telephone calls.

BRITISH COLUMBIA TELEPHONE COMPANY

Week in Mining

Some Now Preparing For Mine Mart Move

Mines Brokerage Circles Have Yet to Glimpse Prosperity—Teck By-laws Are Passed—Zeballos Passes Big Milestone

What's ahead for the Canadian mines market?

After a short-lived fillip of thankfulness at the Munich peace, mining stock activity has eased off somewhat, most of the action coming from the base metals and a few specialties.

The outlook for base metals remains very bright. But the question now is, when do we get a really good market for the mining market in general?

Only a week or so ago, one of the largest trans-Canada brokerage houses, dealing largely in mining stocks, was forced into further drastic economies, this time 25% pay cuts to staff.

For the past several years, the mines market has been maintained by the large, almost professional traders. To a minor degree only has the public at large been an important factor. As Securities Commissioner R. B. Whitehead told this writer recently, "If we want to get mines, the public has to put up the money."

* * *

Moving in

But when will the general public come back into the mines market?

At the present time, some shrewd investors who put their money in any market that promises to bring them a profit, whether it be industrials, commodities or mines, are quietly moving back into mines.

Stockholders are watching indices, especially of the New York industrial stocks, to see how strongly the recovery expresses itself. Hence, the industrial markets are keeping the biggest headlines.

It is at a time like this this—when mines are not in the big headlines—that some successful buyers move in. For when the industrial market has had its run, the past shows that mines will most likely have their's.

* * *

Teck Feature

Teck Hughes general manager, D. L. Forbes, was a very self-possessed and able "witness" at his company's special general meeting this week. A regular feature of Teck Hughes meetings in recent years has been the laments of a certain gentleman about the way Teck is run and the men who run it.

As usual, this objector's words were so intemperate that he was all but thrown out of the meeting and tumultuous cheers welcomed a motion (which was not put) to have the complainer formally constrained to silence.

Mr. Forbes was asked when Lamaque may begin paying dividends. He said Lamaque is now in position to pay dividends, having looked after its bond issue, but that the time has not yet been decided.

One shareholder was concerned about exploration of the north zone of the Kirkland Lake (main) Teck property. The general manager informed him that rather extensive drilling has so far failed to reveal anything very interesting. As for other claims in Kirkland Lake, "nothing much" was the inference of the manager's answer.

What luck is Teck having in outside exploration? Mr. Forbes said that diamond drilling is being done on a couple of properties but that results to date are inconclusive. The inference was not very encouraging.

* * *

Unanimously

The three by-laws, main reason for calling the meeting, were passed "unanimously," It was pointed out by devout meeting-goer Sweeney.

One shareholder was perturbed by the implication he took from two of the by-laws that Teck Hughes was going to turn itself into a holding company. John F. Lash, director, explained significance of the by-laws and why the company wanted them. It was merely to make "a nice tidy situation," he said; to prevent possible legal and perhaps tax tangles with various provincial authorities; to bring the company charter into line with changing conditions; to provide for eventualities that may at some time arise.

Teck Hughes has no intention of becoming a holding company and will always, he hopes, be an operating company, President Albert Johnston declared.

* * *

Neat Profits

A significant milepost has been passed in Canada's infant mining camp, Zeballos. Three gold bricks have just been poured there having an aggregate value of around $50,000. The B. C. Minister of Mines, W. J. Asselstine, flew over for the occasion.

It's hardly 19 months since Privateer was just a spot in the woods. Now it is a completely equipped mine with ore reserves blocked out for about three years at 80 tons per day. On the basis of present mill-run, this means reserves worth at least $5.5 millions.

Privateer has been a tidy piece of mine making. No stock was issued for public subscription. No preliminary debts were incurred for ore taken out in development netted over $300,000 and was used to put the property into operation. When it came to mill and power plant, a quarter interest was sold to Conwest Exploration Co.

Spud Valley, the name chosen for the property owned by A. B. Trites and associates, has generally a similar history.

* * *

Banks and Romance

Although their holdings comprise gold mines in New Guinea, Australia, South Africa and elsewhere, Vancouver is still the home of the vast mining enterprises managed by Charles A. Banks, and soon the annual meetings of Bulolo, Pato Consolidated, and other associated companies of this sprawling enterprise will be held in Canada's western port.

All romantic undertakings, Bulolo probably tops the list. High on a New Guinea plateau, it is the first dividend payer in the area, one of the first big mines to be built completely through the transport of equipment by airplane. Bulolo has six dredges going now and is building a new one, a monster that will dig 85 feet under water, 40 feet above, a total digging zone of 125 feet.

Pato and Asnazu are both in Colombia, both dredge propositions. Other "provinces" of this great domain are Placer Development, Nechi Consolidated, Rutherglen Gold Dumps, Gold Dumps Proprietary, Clutha Development, all of Australia, American Placers, Pan-American Engineering, Holden Queen Mining Co. and Canadian Exploration which, during the past year, has been looking into the mining picture here.

Pato Operates Five Dredges

Decreased Profits Result from Heavier Charges for Depreciation

Net profit of Pato Consolidated Gold Dredging, Ltd., showed a considerable reduction last year due to an increased charge for depreciation. While operating profit amounted to $244,775 for the year ended April 30, compared with $244,627 in the 1937 fiscal year, net profit was reduced to $21,334 from $150,247 in 1937 due to an increase in depreciation to $222,417 from $72,315 charged last year.

With five dredges in operation following the completion of the large new No. 4 and No. 5 dredges in April and May, 1938, respectively, the company estimates that gravel will be dug at the rate of 16,000,000 cubic yards annually, as the new dredges settle down to work. In addition to this, hydraulicking units now in operation should handle over 1,000,000 cubic yards annually. Average recovery is expected to increase as two of the larger dredges gradually reach the particular ground for which they were designed. Major construction is stated to be completed for the time being until the installation of new dredges is decided on.

During the fiscal year ended April 30, 4,282,800 yards of gravel were handled resulting in an average recovery of 14.83 cents per cubic yard.

Financing carried out involved the sale of 300,000 shares equally to Oroville Dredging Co. Ltd., and Placer Development Ltd. at $2.50 per share with the proceeds used to reduce cash advances. An additional 300,000 shares are under option at $2.50 per share to April 26, 1940.

Income and Surplus Account
Years Ended April 30

	1938 $	1937 $
Dredge oper. acct. ...	315,616	307,270
Less: Admin. exps. ..	10,000	10,000
Directors' fees	5,000	5,000
Audit & spec. acctg.	2,814	2,434
Int. disc. & exch. ..	......	1,497
Exam. exps.	......	12,512
Colombian inc. tax .	16,710	28,023
Colom. Govt. gold charge	35,044	......
Tax on export of funds	1,273	3,177
Operating profit	244,775	244,627
Less: Deprec.	222,417	72,315
Depletion	1,024	22,065
Net profit	21,334	150,247
Add: Prev. surplus ...	482,596	350,616
Less: Gen. res. approp.	1,314	18,267
Balance forward	502,616	482,596
Earnings per share ...	$0.01	$0.05

Noranda Earns $3.05 in 9 Mos.

Production Higher Owing to Treatment of Custom Ore

Estimated net profit of $6,837,295 or $3.05 per share is shown by Noranda Mines for the first nine months of 1938 compared with $3.29 per share in the same period of 1937.

An increase in production to $15,728,885 in nine months of 1938 from $14,654,107 for the same period of 1937 is accounted for by the treatment of $2,023,805 of custom ore in 1938. No custom ore was treated in the first nine months of 1937.

With a dividend of approximately $300,000 receivable from Pamour Porcupine Mines on Nov. 1, 1938, and somewhat higher prices for copper so far in the last quarter of 1938, it is expected that full year earnings will be within striking distance of the $4.14 per share earned for 1937.

Operating results for the first nine months of 1938 with comparative figures for the same period of 1937 are as follows:

Earnings Statement
Nine Months Ended Sept. 30

	1938 $	1937 $
Total recovery	15,728,835	14,654,107
Less: Min., admin. & gen. expenses	5,514,280	5,824,117
Custom ore	2,023,805	......
Reserve for taxes ..	1,325,000	1,410,000
Net oper. earnings	6,865,800	7,419,990
Add: Misc. income ...	371,495	324,527
Total income	7,237,295	7,744,517
Less: Depreciation ..	400,000	375,000
Est. net profit	6,837,295	7,369,517
Earnings per share ...	$3.05	$3.29
Copper anodes prod., lb.	71,245,764	60,020,135

SHEEP CREEK

Estimated net profit of Sheep Creek Gold Mines amounted to $85,947 or 4.5 cents per share in the three months ended Aug. 31, 1938. Bullion production for the period was $223,658 from 13,793 tons of ore milled, an average recovery of $16.22 per ton.

Mining Dividends

	Rate	Oct. 24	%
Anglo-Huronian	10c	3.30	3
Beattie Gold	10c	1.29	7.7
Bralorne	60c+40c	9.50	*10.5
Buffalo Ankerite	$1	14.50	6.9
Bulolo Gold	$3	27.50	10.9
Can. Malartic	6c	.82	7.3
Cariboo Gold	10c+6c	2.30	*6.9
Central Patricia	16c+2c	2.40	*7.5
Coniagas	25c	1.65	...
Coniaurum	10c	1.34	...
Cons. Smelters	50c+50c	65.00	...
Dome Mines	$2	32.75	6.2
Falconbridge	30c	6.20	4.8
Gunnar Gold	6c	.70	8.6
Hedley Mascot	12c+4c	1.20	*13.3
Hollinger	65c+45c	15.00	*7.3
Howey Gold	4c	.33	12.1
Hudson Bay	75c	33.00	...
Inter. Mining	35c	9.12	...
Int. Nickel, com.	$2+25c	57.00	*3.9
Island Mountain	5c	1.34	3.7
Jack Waite	†1½c	.39	...
Kerr Lake	5c	.45	...
Kirkland Lake	8c+2c	1.34	7.5
Kootenay Belle	16c+2c	1.37	*13.1
Laguna	†5c	.16	...
Lake Shore	$4	50.50	7.9
Lava Cap M.	8c	.90	...
Leitch	†2c	.77	...
Little Long Lac	20c	2.80	...
Macassa	20c	5.15	3.9
McGillvray Creek	3c	.23	...
McKenzie Red Lake	12c	1.38	8.7
Moneta	†3c	1.38	...
McIntyre Porc.	$2	51.00	3.9
Noranda	‡$2	79.00	...
Nipissing	15c	1.70	...
North Empire	50c	8.40	5.9
Oro Plata	†4c	.40	...
Pamour Porc.	‡12c	4.75	...
Paymaster	‡1c	.56½	...
Pioneer, B.C.	40c	2.70	14.8
Pickle Crow	40c	5.00	8
Placer Develop.	$1.20	15.00	8
Premier	12c	2.25	5.3
Reno	10½c	.30	...
Sheep Creek	12c+4c	.90	*17.7
Silbak Prem.	8c	1.85	4.3
Siscoe	20c+1c	1.64	*12.7
Sudbury Basin	10c	3.00	3.3
Sullivan Cons.	5c	.96	5.1
Teck-Hughes	40c+5c	4.70	*9.6
Toburn	8c+6c	2.10	*6.6
Ventures	37½c	5.70	6.5
Wright-Harg.	40c+30c	7.75	*9

*Yield includes bonus. ‡Interim. †Initial.

The Next Mining Market Boom

Repetition of 1929 Seen Unlikely In Light of Regulating Influences

By R. A. McEACHERN
Staff Writer, The Financial Post

When the mining stock market boom comes, what will it be like? Will it be like 1929 with housemaids and dowagers, office boys and industrial magnates "playing the market" with all the gusto and blind faith of a circle of hungry crap-shooters? Will another mines boom have the same sudden and sad ending?

The answer is no. And there are several reasons. Canadian mining was young in those days. It was easy to forget reasonable limits in front of its spectacular growth to giant size. Today there are not very many who would soberly bet their money on Canadian mining enterprise trebling or quadrupling its value in a few months, no matter how many interesting and much-ballyhooed prospects came along.

Another reason: It is too soon after the last blow-out. The vast majority of the investors who rode through the 1929 storm are still investing. Mankind learns slowly and the fires of human hope and greed smoulder on, but it is certain that the vast majority of those investors have not forgotten all they learned at that time.

But the biggest reason of all why we are not approaching another runaway market with folly its intoxicant and grief its end is the broad system of self control which the financial community has, since 1929, imposed upon itself and upon its clients.

Two Forms of Control

This control takes two forms: first, is the control exercised by stock exchanges on their own members; second, is the control administered by governments but made effective through the co-operation of the financial and investing public.

The money for mine development has to come from the mass of the public.

To save man from his own folly, as much as to restrain the unethical and shortsighted in their own ranks, Canadian stock exchanges have established the surprise audit, the regular and irregular check up to see that the broker's books and stock holdings are as they should be. The Toronto Stock Exchange and the Ontario Securities Commission regularly publishes option agreements, so that all may see whether So and So is selling the stock for which he paid five cents at 50 cents.

The stock exchanges perform a most useful service among their own members in protecting the public.

But it is on the securities commissioners of the various provinces that the main burden of protecting the public from its own investing unwisdom and from sharepushers falls.

It will soon be a year since Roy B. Whitehead, lawyer, churchman and civil servant. was suddenly placed in the Security Commissioner's chair in Ontario, perhaps the most responsible job of its kind in the Dominion.

Since its inception, the job had been frequently under fire as killing prospecting and individual enterprise, stagnating the mines market, wielding bureaucratic powers intolerable in a democratic community.

The past year has seen a sharp and significant decline in criticism. Mr. Whitehead has his own idea about criticism. "There would be something very wrong with the administration and with its aims if it were subject to continued and general criticism," he said. "Some is to be expected. Too much is a sign something is wrong."

He has a fundamental faith in the fairness and the efficiency of the middle way. Whenever he has new ideas about administration, whenever he hears complaints about rulings that have been made, this is his method: He calls in representative brokers, members of the Exchange, several brokers not members, some stock salesmen, some mining promoters. If they don't like it, Whitehead finds out why. He gets their ideas on a different and acceptable method of achieving the same end.

Interests the Same

For Whitehead is convinced that the aim of the public and of the financial interests is broadly the same.

Security regulations are no sovereign cure for stock market ills. They will never prevent widows and orphans losing their substance. They will never satisfy unwise investors that they have not been a stock salesman's victim.

But how will they affect the next boom market?

Surprise audits are important. Because of this check up by officialdom, several non-member brokers in recent months have been ordered to get more capital or close up shop. The surprise audit checks on a broker's supply of stocks. This check is of the utmost importance in preventing a wide variety of possible market high-jinks.

Each surprise audit gives the Security Commissioner many clues as to the type of business a non-member broker is doing. If it reveals "something unusual" as Mr. Whitehead puts it, the broker is asked to come in, tell his story. If his story is reasonable, nothing happens. If not, action is taken.

"We don't do the audit in any routine way," the Commissioner explained. "We just go where we suspect it may be needed. Naturally, some places get it more frequently than others."

Margin regulations have been greatly stiffened since 1929. Not again will the $10-a-week office boy be able to play with stock paper values by the tens of thousands of dollars.

Levels Prices

Higher margin demands are undoubtedly an important factor in keeping down market volume, even at the present time. Especially, they are important in smoothing the waves of price levels; in preventing the wild gyrations of price level that featured some of the maddest market sessions of 1929. Today the buyer of mining stock is to a large degree obliged to be an "investor."

Qualification of a mining issue is a highly important function of the security commissions. This involves confirming claims made for the property to be exploited, seeing that false statements are not made in the prospectus, and that the public is given all material facts.

Along with this goes the job of protecting the prospector.

"The prospector," Mr. Whitehead says, "is the one man above all others who, being instrumental in staking and finding claims, should, as far as is possible, be protected in his investment. That protection cannot be given to the extent of jeopardizing the company itself, however. For that reason, the release from escrow of vendor's shares can't always be granted to the extent and at the time that the prospector requests release of those shares."

R. B. WHITEHEAD

But here a rule that was found to be too severe was relaxed. A commission regulation now permits the release of one vendor's share for every four treasury shares sold in the case of recently incporated companies.

Very Thin Line

Holding stock saresmen to account for their statements is another function. The line between undue optimism and false statement is often very thin. But where it can be proved that a salesman has made a definite misstatement of important fact, his license is taken away.

There is a great deal in the nature of brokerage and promotion that can hardly be handled by a set of formal rules. Hence, the most important part of the Security Commissioner's work is done under his broad powers of regulation with the blessing of the financial and mining community at large.

For every broker and stock salesman the Security Commission has a file detailing his business history with other facts indicative of his manners and morals. The misbehavior is watched very closely. His first step from the narrow path brings a warning, the second is likely to bring suspension.

Behind the Scenes

In recent weeks, six non-member brokerage houses have been ordered to close their doors in Toronto. The circumstances which resulted in such action are never divulged by the Commission.

But it has been learned that two of the firms closed were merely fronts for the operations of a notorious sharepusher whose record with the Security Commission is long and unpleasant.

One thing we always insist on having is the names of all the people connected in any way with the management of a firm. Mr. Whitehead explained. "It is simple enough for firms to supply us with this information if their intentions are honest. But in two cases recently we found a well-known international sharepusher behind the scenes, directing operations and sharing in the profits."

Offenders get a second chance, but not many more. Licenses have been restored to some whose operations have given complaint in the past. The Commissioner points out that there are many reasons why a license may have once been suspended, some of them hardly reflecting on the business ethics of the offender. Hence, setting down a policy that no one once suspended should ever be permitted back into the business is, the Commissioner believes, too drastic, potentially working injustice.

Boiler-rooms Out

Co-operation between the responsible members of the financial community and the Security Commission has the Toronto situation well in hand at present. The old boiler-rooms, with their telephone battery and star "remote-control" salesmen have been shut and kept shut. Thousands of dollars of stock sold by high-pressure methods with attendant misstatements have been passed back to the seller and money back to the client.

The objection that there is no appeal from the rulings of the Commissioner still stands. There have been reports that the Government was considering providing for appeal, but so far nothing has been done and under the present popular administration such amendments are unlikely.

Dome Net $1.64 For Nine Months

Mill Treats Higher Tonnage But Total Recovery Down from 1937

Estimated net profit equal to $1.64 per share before depreciation, depletion and adjustments is reported by Dome Mines Ltd., for the nine months ended Sept. 30, 1938, compared with net of $1.69 per share in the same period of 1937.

Bullion production for the first nine months of the year amounted to $5,470,830 from 450,000 tons of ore milled for an average recovery of $12.16 per ton. Last year production was $5,636,735 for the period from $429,500 tons, an average recovery of $13.12 per ton.

Cost of mine operations shows a reduction at $1,968,701 from $2,122,233 expended in the first nine months last year.

Operating results for the first nine months of 1938 with comparative figures for the same period of 1937, are as follows:

Estimated Earnings
Nine Months Ended Sept. 30

	1938 $	1937 $
Gross production	5,470,830	5,636,735
Less: Devel., oper. & gen. expenses	1,968,701	2,122,233
Prov. for taxes	545,907	540,211
Outside expl. w/o ..	18,250	3,336
Operating profit	2,937,972	2,970,955
Add: Non-oper. income	245,333	305,844
Est. net profit*	3,183,305	3,276,799
Earnings per share† ..	$1.64	$1.69
Production:		
Tons milled	450,000	429,500
Fine ounces gold ...	155,393	160,776
Recovery per ton ..	$12.16	$13.12

*Before depreciation, depletion and adjustments of surplus or contingent reserve accounts.
†Based on 1,946,668 shares outstanding.

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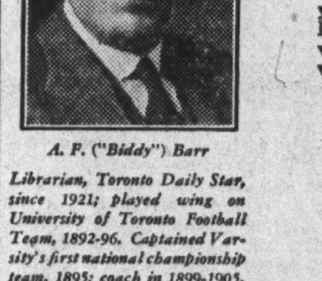

A. F. ("Biddy") Barr
Librarian, Toronto Daily Star, since 1921; played wing on University of Toronto Football Team, 1892-96. Captained Varsity's first national championship team, 1895; coach in 1899-1905, and again in 1925; President Canadian Football Union, 1906-7, Resident Master Ridley College, 1897-9.

says Mr. A. F. Barr, who has been a National Life policyholder for thirty-seven years. With a long record of academic and athletic activities to look back on, Mr. Barr is well-equipped to comment on the needs of today's young men in planning a safe, secure future.

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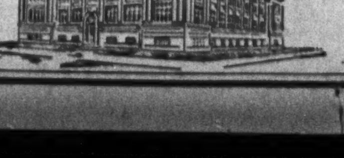

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Surface Result For Thor Good

Expect Sunbeam Kirkland to Announce Mill Soon

From Our Own Correspondent

WINNIPEG.—Thor Gold in surface work and diamond drilling reports excellent results in its West Hawk Lake property, a short distance from Sunbeam Kirkland.

In the same locality, but tied on to Sunbeam Kirkland, Star Lake has also had some good diamond drill holes and is continuing drilling. Announcement regarding mill plans is expected shortly by Sunbeam Kirkland and the crosscut at the 400-foot level is now well into the ore body which at that horizon was about 118 feet from the incline shaft, the chimney having been moved over by the fault.

There are several other companies with small crews working in the locality and a good deal is being learned about geology. It is now looked upon as a strong probability that the area will become a good mining camp.

Elbow Lake Golden Zone mining syndicate is shipping a mining plant and a small milling plant to its property just north of Elbow Lake. This is in the nature of a test mill but will handle 25 tons a day using amalgam.

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The Week in Oils

Success at Franco 2 Held Highly Promising

May Lead to Major Oil Field in Saskatchewan—Oil Operators to Send Spokesman to London—Want Immediate Rail Aid

From Our Own Correspondent

CALGARY.—Probability of a major oil field in Saskatchewan is being widely discussed here by experienced oil men. The Franco 2 well which has just come in near Unity, Sask., is the first in the field.

Present indications are that production is coming from the Devonian lime formation which is being interpreted as extremely favorable. Further fact of importance is that production here came at 2,072 feet. Hence drilling costs are very low compared with the 7,000 feet and further that drills have to go in Turner Valley.

The grade of crude being produced is understood to be good. The Franco Company has over 22,000 acres on this structure. It drilled this well jointly with Vera Oilfields Ltd.

Geologists have long predicted that somewhere beneath the prairies a major oil source would be found. How important the Franco well is in providing the answer to that will not be known until geologists have investigated and until further wells go down.

* * *

Will Tell London

As urged in recent weeks by The Financial Post, a meeting of Lands and Oils Minister Tanner, members of the Conservation Board and the management committee of the Alberta Petroleum Association has been held to discuss presentation of Alberta's crude oil case to the British Government.

The following statement (in part) was made:

"After a thorough discussion, it was decided that all statistical information regarding oil development in Alberta be prepared by the Conservation Board for the Provincial Government, with a view to having a representative of the Government and of the Association take this complete information to London for further consideration, some time before the end of the year. This is at the request of the British authorities."

The statement also revealed that after extensive tests by Dr. George Grainger Brown, consulting chemical engineer, who represented the Petroleum Association at Ottawa last winter, and from the Universal Oil Products Corp. of Chicago, both authorities agreed that Turner Valley oil is quite suitable for the making of 100 octane gasoline, which is now required for the air force use, provided proper processing equipment is installed by the refineries."

* * *

Seek Federal Help

"The question of endeavoring to get the Texaco Company to use Canadian crude oil for processing was taken up," the statement continued. "It was decided to appoint a committee to consider negotiating with their head office in New York through a representative of the Dominion Government at Ottawa.

"A resolution was passed that efforts be again made with refineries and railroads in the East to handle 5,000 to 6,000 barrels crude per day, effective at the earliest possible date."

* * *

Conceded a Well

Okalta 6 is "very promising," is President W. S. Herron's comment on this well. It is now drilling below 10,035 feet, over 300 feet in the lime, with continuous gas showings. Oil men concede this well will be a producer.

* * *

Home Oil 2 well is now drilling in the Brown Sands or about 200 feet above the lime. This well is located in the extreme north end of the field or about 16 miles north of the Okalta 6 well. The Home Oil Co. owns a large acreage in the area. Other companies holding acreage which would be greatly affected should this well be a producer are Royalite, Foothills, Phillips Pete, Calmont, and Model Oils.

* * *

Anglo Canadian 1 well is presently drilling below 7,950 feet over 60 feet in the lime. If production is obtained, it will prove up the acreage held by Okalta, East Crest and Royalite Oils, located directly north of this well.

* * *

"Not After Operators"

The Alberta Oil enquiry is not directed at Turner Valley operators but rather at processing and marketing costs, according to J. J. Frawley, K.C., Commission counsel.

The Alberta Government feels the price of Turner Valley crude is reasonable considering its grade, but the Government does think the price of gasoline and fuel oils to the consumer is too high.

In outlining problems he believed should be investigated as major factors in arriving at a conclusion, Mr. Frawley listed the following: the field price of Turner Valley crude; the cost of imported crude and gasoline; refining costs; pipe-line costs; marketing costs; Ethyl gasoline costs; consumers' costs, and price fixing.

* * *

Wholesale Price "High"

Mr. Frawley stated the wholesale price of gasoline in the Calgary area, 40 miles from the source of supply, was: first-grade Ethyl 19 cents a gallon, retail to the consumer at the pump, including government tax of 7 cents a gallon, 29½ cents; second-grade green gas, wholesale 16½ cents a gallon, retail at the pump, including tax, 27 cents; third-grade gasoline, wholesale at 14 cents, retail at the pump 24 cents a gallon.

The average price of Turner Valley crude oil, which is a very high-grade crude with approximately an 80% gasoline recovery, is about $1.22 a barrel. Mr. Frawley stated the wholesale price of gasoline in Calgary and Alberta as compared with other points in Canada and United States appeared too high.

Crude oil produced in the State of Illinois is much inferior in grade to the Turner Valley product. But prices quoted there last week for grade three gasoline were about $1.20 per barrel, only two cents per barrel less than in the Calgary area.

* * *

Woodpile Niggers?

Mr. Frawley states it is possible Alberta refineries are not charging too much for processing gasoline. If, after investigation, their costs are shown to be reasonable, no action will be taken, he stated. Such will be the course followed in investigating the other items.

However, if there is a nigger or niggers in the woodpile, Mr. Frawley expects they will be hiding in refining costs, pipe-line costs, marketing costs and Ethyl gasoline costs.

The pipe-line costs from Turner Valley to Calgary are 15c. a barrel. The marketing costs, which include a great deal of duplication in the way of distributors, and possibly an excessive number of expensive service stations or pumps for which the people must eventually pay, will be examined carefully.

The "Ethyl" required to make Ethyl Gasoline is controlled by a corporation in Delaware. Imported gasoline is sold largely by the Texas Company of Canada and is manufactured by the Texaco refinery at Sunburst, Montana. About 180,000 barrels of gasoline from this plant have been sold in Alberta during the first eight months of 1938.

Result of this investigation may mean legislation fixing processing costs and limiting the number of distributors and service stations operating in Alberta, it was indicated.

Sud. Basin Waits For Stable Price

From Our Own Correspondent

SUDBURY.—Development of the extensive holdings of Sudbury Basin Mines, in the Sudbury basin, awaits more stable prices for base metals, copper, lead and zinc, Joseph Errington, president of the company, said when here. He addressed members of the Sudbury branch, Canadian Institute of Mining and Metallurgy. Mines comprise about 3,000 acres

Properties of Sudbury Basin under and adjoining Vermilion Lake, Fairbank township, west of Sudbury, said to cover for about 4½ miles the fault zone of the district. Fairly extensive deposits of copper, lead and zinc were established in operations some years ago, but when prices of these metals declined operations were suspended.

The company also owns a lead prospect of five claims 38 miles north of Dean Lake, Algoma district, and a barite deposit in Lake Superior, off Port Arthur. A barite deposit near Tionaga was optioned in 1927.

At present Sudbury Basin is a holding company, and carries in its portfolio stock in several operating and dividend-paying companies. Its principal and most valuable holding is in Falconbridge Nickel Mines, of which at last report it held 1,197,900 shares acquired at $2.16 per share against a current market valuation of over $6 per share.

Prairie Cities Oil Would Surrender Charter

Prairie Cities Oil Co. is asking for leave to surrender its charter and for the fixing of a date from which the company would be dissolved. In Dec., 1937, the assets of Prairie Cities Oil Co. were purchased by North Star Oil Ltd. upon payment of $300,000 in cash and the assumption of all the liabilities of Prairie Cities Oil Co., including the $415,000 first mortgage bonds of Petroleum Realty Corp.

Bulolo Net Is Lower

Earnings Equal $3.13 For 1938 Compared With $3.26 in 1937

Net profit of $3,130,830 or $3.13 per share was earned by Bulolo Gold Dredging, Ltd., for year ended May 31, 1938, compared with net of $3.26 per share the previous fiscal year.

Total recovery was down slightly amounting to 134,715 oz. of gold and 58,891 oz. of silver from 11,222,000 cubic yards handled compared with 137,325 oz. of gold and 59,039 oz. of silver from 11,197,000 cubic yards of gravel handled the previous year. No. 5 dredge treated a reduced yardage, the first few months of its operation, due to motor trouble.

Six dredges are being operated at present and a seventh dredge is expected to be placed in operation next March. The company will place an eighth dredge in operation as new machinery has been ordered for the hull originally built to replace No. 1 dredge hull. No. 1 dredge will operate in its present vicinity for some years.

Gravel reserves were estimated at 192,000,000 cubic yards of dredgeable gravel at May 31, 1938, together with a further 20,000,000 cubic yards to be handled hydraulically with equipment being acquired. At the end of the previous company fiscal year reserves were 202,000,000 cubic yards of dredgeable gravel and 20,000,000 cubic yards to be treated by hydraulicking.

The company's balance sheet at May 31, 1938, showed total current assets amounting to $2,547,230 including cash of $785,234, bullion of $984,893 and inventories and supplies carried at $712,441. Current liabilities were $1,897,028, including dividend payable June 10, 1938, amounting to $1,500,000. Amortization fund of $1,420,316 included $1,044,930 in British Government securities with balance in cash.

Operating and Profit and Loss Account
Years Ended May 31

	1938 $	1937 $
Bullion produced	4,730,848	4,870,991
Less: Working costs ..	979,244	965,944
	3,751,604	3,905,047
Less: Misc. expenses ..	117,253	120,397
Bullion, freight & refining	18,861	20,355
Royalties	234,367	240,084
Operating profit	3,381,123	3,524,211
Add: Sundry income .	72,340	61,764
Total income	3,453,463	3,585,975
Less: Amort. fund appropriation	322,633	322,634
Net profit	3,130,830	3,263,341
Less: Dividends	3,000,000	2,899,996
Surplus for period ...	130,830	363,345
Add: Prev. surplus ..	2,019,480	1,656,135
Balance forward	2,150,310	2,019,480
Earnings per Share and Dividend Record:		
Earned	$3.13	$3.26
Paid	3.00	2.90

Mining Options

Anglo-Canadian Oil—A three months extension has been granted on Oct. 4 installment comprising option on 200,000 shares at $1.50 and on Jan. 4 installment on 200,000 shares at $2 under agreement of May 4 with Nesbitt, Thomson & Co. Ltd.

Pandora Cadillac Gold Mines—A block of 40,000 shares has been sold McFetrick and Co., Montreal, for $8,000, which has been received. Issued capital is 2,930,007 shares.

Augite Porcupine Mines — Payment of $65,000 has been received covering underwriting on 100,000 shares at 30c. and 100,000 shares at 35c. under agreement of Oct. 14 with John F. Conroy, Jr. Balance of agreement comprises option on 550,000 shares with first installment for 50,000 shares at 35c. exercisable by Jan. 10, 1939.

Chesterville Larder Lake—An additional 45,000 shares have been taken up at $1.12½ per share completing Oct. 25 underwriting installment of 100,000 shares, under agreement of July 17, 1937, as amended, with Collins and MacKinnon. Next commitment is due Dec. 24 and comprises underwriting on 100,000 shares at $1.12½ per share.

Darrell Gold Mines—On Oct. 12, A. E. Dawson & Co. purchased 100,000 shares at 5c. payable immediately and optioned 1,100,000 shares, comprising 300,000 shares at 5c., 200,000 shares each at 7½c., 10c., 12½c. and 15c. payable $1,000 by Dec. 15, 1938, $1,000 by Jan. 31, 1939, with balance payable by Dec. 31, 1941. Company incorporated October, 1938; authorized capital 3,000,000 shares with 800,005 shares issued. Company required to pay $10,000 within 60 days from Oct. 12, 1938, as part payment for properties.

Kenecho Gold Mines—On Oct. 19, 400,000 shares optioned to H. W. Waters & Co., at 2½c. per share, payable $5,000 by Dec. 31 and $5,000 by Mar. 31, 1939. Company incorporated Nov., 1936; authorized capital 3,000,000 shares with 2,264,008 shares issued.

Muton Long Lac Gold Mines — On Sept. 21, 1,050,000 shares optioned to Roger J. Webb as follows: 50,000 shares at 4c. payable within 30 days; blocks of 50,000 shares each at 4½, 5, 5½, 6, 6½ and 7c. per share payable within 120 days and balance at 10 to 30c. per share payable within 540 days. Company incorporated July, 1934; authorized capital 3,000,000 shares with 1,595,070 shares issued.

Poundmaker Gold Mines—A further extension of 180 days granted H. C. McRae & Co., on option agreement dated May 13, covering 1,600,000 shares at 5 to 50c. per share.

Presdor Porcupine Gold Mines—Agreement of July 21 with M. L. Petrie covering 963,636 shares at 5½ to 20c. per share has been terminated.

Strathmore Gold Mines — On Aug. 22, Frank Law, Toronto, purchased 30,000 shares at 5c. payable forthwith and received option on 970,000 shares as follows: 170,000 shares at 5c. payable by March, 1939, with balance of 800,000 shares at 7½ to 80c. per share payable by Nov., 1941. Company incorporated Aug., 1938; authorized capital 3,000,000 shares with 1,050,005 shares issued.

News Concentrates

Anoki Gold Mines is sinking a shaft on its property in the east Kirkland Lake area formerly owned by Oriole Mines. Drilling is stated to have indicated 160,000 tons of material averaging $7 per ton.

* * *

Arntfield Gold Mines September production was $25,571 from 8,404 tons of ore milled, an average recovery of $3.04 per ton. August output was $26,828 from 7,835 tons, an average of $3.39 per ton.

* * *

Big Missouri output for September was stated to be over $70,000 compared with $67,000 in August and $38,000 in July. Average grade in September was $4.11 per ton compared with $3.64 per ton in August. September operating profit was estimated at $30,000.

* * *

Buffalo Beardmore Gold Mines is stated to have secured 4 additional claims adjoining its main group on the east for 20,000 shares.

* * *

Cournor Mining Co. is stated to have outlined a favorable ore zone northeast of present workings in two diamond drill holes. Operations are stated to have shown a small profit since last March with October output expected to be a record.

* * *

Continental Kirkland Mines has called a special meeting of shareholders for Nov. 3; American Smelting and Refining Co. wishes to secure a two-year extension on its option on Continental Kirkland shares and is willing to purchase 200,000 shares at 25 cents if the extension is granted.

* * *

Fairview Amalgamated September production was $12,100 from 3,600 tons of ore, an average recovery of $3.36 per ton.

* * *

Gurney Gold Mines is stated to have indicated additional ore by drilling the southward extension of its deposit. Drifting will be pushed to open up this section.

* * *

Guysborough Mines had an estimated third quarter profit of $9,488 before taxes, depreciation and deferred development compared with $10,535 the previous three months. Production for the third quarter was $56,318 from 8,445 tons of ore compared with $58,825 from 7,987 tons the second quarter.

* * *

Gwyn Beardmore Gold Mines filed an amended statement with the S. E. C. in Washington on Oct. 14.

* * *

Gunnar Gold Mines has declared a dividend of three cents per share payable Nov. 15, to shareholders of record Oct. 31. A similar dividend was paid last Dec. 15.

* * *

Island Mountain has declared an interim dividend of five cents per share payable Nov. 15 to shareholders of record Nov. 3.

* * *

Kenricia Gold Mines has signed all contracts for electric power and an immediate start will be made on bringing the property into production at 100 tons per day. A short power line to bring the power in will be the first job undertaken.

* * *

Katherine Lead Mines shareholders are being asked at a special meeting on Oct. 28 to approve sale of assets to Smada Lead Mines on share for share basis.

* * *

Lake Head Gold Mines has commenced a programme of diamond drilling at its property in Gorham twp., Port Arthur district, Ont.

* * *

La Roche Mines is distributing its Delnite holdings on exchange basis of 2 Delnite shares for each 5 shares of La Roche held.

* * *

Little Long Lac September production is reported at $117,000 compared with $128,000 in August. Decrease is attributed to preparations in connection with installing a larger hoist.

* * *

Lardego Gold Mines has entered an agreement with E. M. Thompson for sale of 18 of its 21 claims in the Larder Lake area. Shareholders consent is sought at a special meeting on Oct. 31. Lardego will receive 850,000 shares in the new company and 200,000 shares will be set aside for services. Agreement also covers an underwriting and option on new company shares to net $752,500 if fully exercised.

* * *

Madsen Red Lake Gold Mines will commence quarterly reports with the quarter ending Dec. 31. Millheads to the end of September are stated to have averaged slightly over $8 per ton with recovery of 94.2%. From Aug. 11 to Sept. 30, mill averaged 298 tons daily. Additional crusher capacity being installed will raise capacity to 360 tons daily.

* * *

New Golden Rose output in September amounted to $43,808 from 3,498 tons of ore treated, an average of $12.52 per ton. This compared with August production of $46,432 from 3,085 tons, an average of $15.05 per ton.

* * *

Nipsona Mines is stated to have discovered several veins on its newly acquired properties in the Beardmore area. Finds have been made on the west group.

* * *

Negus Gold Mines is expected to commence production at its property in the Yellowknife area early in 1939 at 50 tons daily. Development of No. 9 vein is stated to show 160 ft. of ore assaying over $160 per ton across 1½ ft.

* * *

Ossian Gold Mines is planning to carry out further drilling on its property in the Larder Lake area.

* * *

Supreme Gold Mines has let a contract for drilling at its property at Sturgeon Lake.

* * *

Sigma Mines (Quebec) had net profit of $45,499 in September, after taxes, depreciation and deferred development, compared with $46,169 in August.

* * *

Verity Porcupine Gold Mines plans to carry out exploration on its No. 9 property in the Porcupine area. Company plans to turn over some of its other eight properties to subsidiary companies for development.

* * *

Wiltsey Coghlan Mines has resumed diamond drilling at its property adjoining Waite-Amulet in Dufresnoy twp., Que.

* * *

Wesley Gold Mines is stated to have let a drilling contract for its property in the Larder Lake area adjoining Kerr-Addison Gold Mines and Chesterville.

Lebel Oro Strike Is Now Confirmed

From Our Own Correspondent

SUDBURY.—Reports that a new surface discovery has been made by Lebel Oro Gold Mines in its Long Lake property are now confirmed.

Additional claims have been acquired by the company, presumably to protect the strike of the new showing. Mine officials refuse to say anything about the reported discovery, and it is understood L. K. Fletcher, president and consulting engineer of the company, is to pay a visit to the property in the near future.

Matachewan Consolidated Operating Profit Higher

Operating profit of $56,149 is shown by Matachewan Consolidated Mines for three months ended Sept. 30, before allowance for taxes, depreciation or deferred development. This compared with operating profit of $40,642 the previous quarter and $14,950 the same period last year.

The management does not expect that operating profits will be maintained in the next several months at the same rate as last quarter owing to an enlarged development programme planned. Work has been started sinking the shaft to 1,050 ft. and three new levels will be established below 650 ft. Operating results for the last quarter are as follows:

Quarterly Earnings
Three Months Ended Sept. 30

	1938 $	1937 $
Net inc. from prod. ..	211,274	176,177
Less: Devel. & oper. costs	155,125	161,673
Est. oper. profit	56,149	14,504
Add: Non-oper. rev. ..	......	446
Est. total profit	56,149	14,950
Tons of ore milled ...	39,008	36,152

Amm 125-150 Ton Mill Ready By Feb. 1, 1939

The 125-150 ton mill to be erected at Amm Gold Mines is expected to be in operation about Feb. 1, 1939, or earlier. Arrangements have been completed for borrowing sufficient funds for the initial payment and to provide funds for work at the mine preparatory to mill operation.

The contract completed with Mill Builders Ltd., provides for building the mill on a deferred payment plan, states President Henry D. Tudor.

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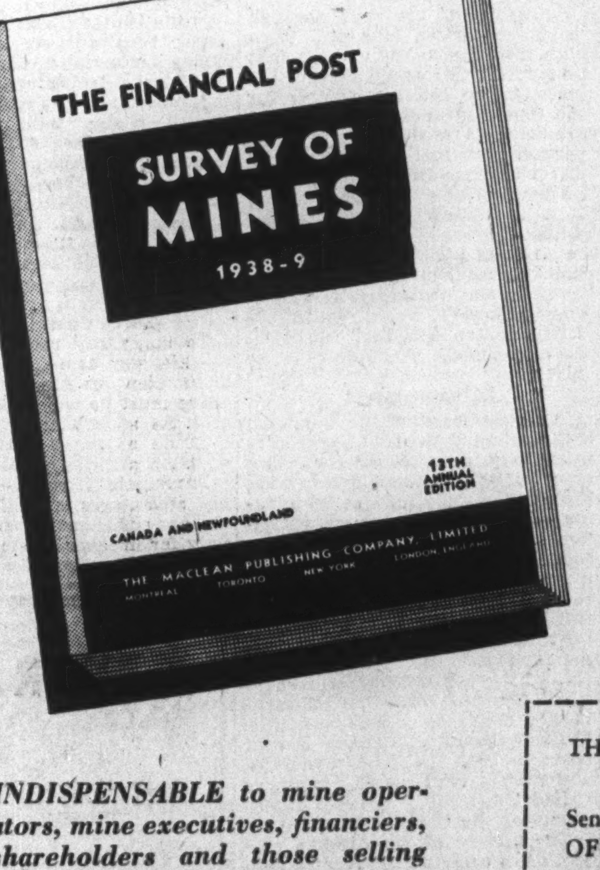

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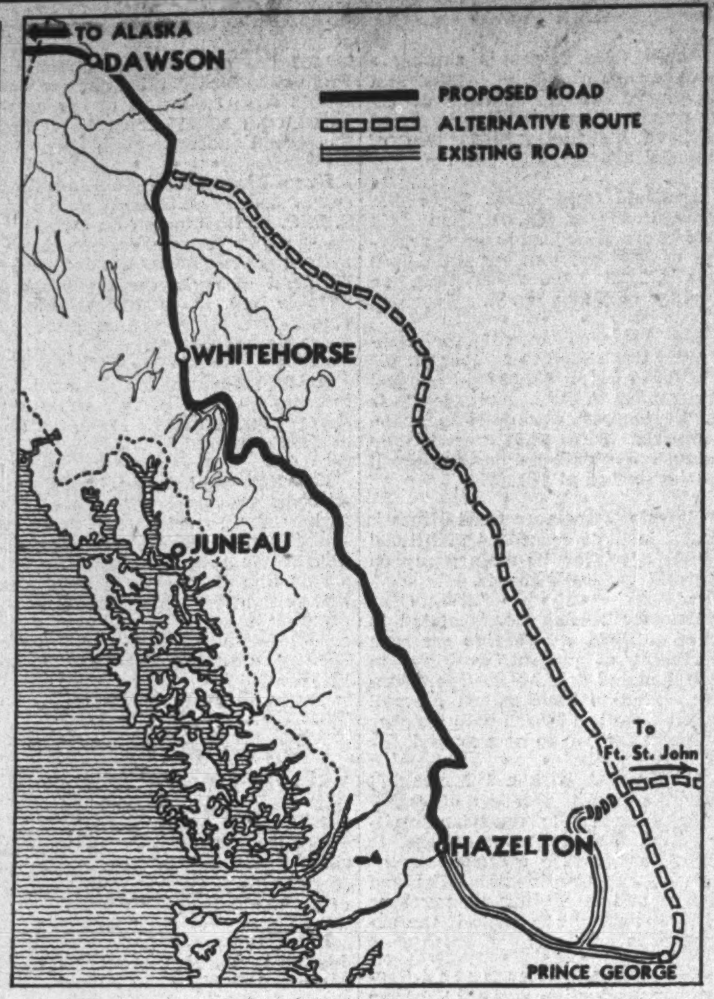
MacDougall & MacDougall Survey Selected Stocks

From Our Own Correspondent

MONTREAL. — MacDougall and MacDougall, members of the Montreal Stock Exchange and Montreal Curb Market, have issued a 36-page booklet on selected Canadian stocks. The publication was designed as a source of reference to provide the salient factors regarding a number of Canadian shares. A total of 35 companies are reviewed, including five mining stocks.



ROUTES TO ALASKA

Chief routes considered for the British Columbia-Yukon section of the proposed United States-to-Alaska highway, are shown on above sketch map. The line indicated as an alternative route largely follows the path of the old Klondike trail to the Yukon. Map also shows line of possible connecting road to Fort St. John, an important junction now functioning as the halfway point on the air transport route between Edmonton and Whitehorse in the Yukon.

Construction

Path Through Canada

Chief Value of U.S.-Alaska Highway Would be as Unit in American Defense

From Our Own Correspondent

OTTAWA.—Premier Pattullo of British Columbia is apparently satisfied that the Canadian Government is ready to move on the proposal for a highway from the U. S.-B. C. border to Alaska.

Ottawa informants are insistent that nothing has been done—some that nothing is likely to be done.

The true picture probably lies between these two extremes. Canada is interested in the Alaskan highway, even sympathetic to the scheme. With the present friendly relations between Prime Minister Mackenzie King and President Roosevelt, the Canadian Government would like to be able to cooperate in a project which has received support from the White House.

Quite conceivably the Government might be willing to appoint Canadian members to a second joint commission to study the road if it were assured that the commission was nothing more than a fact-finding body. But Canada is determined to make no false steps or be hurried into commitments on the matter.

Would Run 2,200 Miles

The Alaska highway, if constructed, would run 2,200 miles from Blaine on the Washington-British Columbia border to Fairbanks, Alaska. Nearly 2,000 miles would cross British Columbia and the Yukon territory and would require approximately 1,140 miles of new construction. The cost of the Canadian section has been estimated at figures all the way from $12 millions to $25 millions, depending on the type of construction considered.

Financing has been the greatest stumbling block during the eight years in which the Alaskan Highway has come up periodically for discussion. Three alternatives have been considered:

1. Construction by each of the parties concerned of their own sections of the road. This would leave the largest burden on the shoulders of British Columbia, with the Dominion in second place and the United States getting off with a comparatively small expenditure of about $2 millions.
2. Financing of the road through private American interests. Even with favorable terms which might be secured, this would presumably leave heavy interest charges for the Canadian and provincial governments to meet. Only a small portion of its cost could be met by direct revenue from motor traffic.
3. Financing by a U. S. Government loan to British Columbia either without interest or at a nominal rate. Such a loan would involve knotty questions of Canada's sovereignty and neutrality, as well as fiscal policy. It would require Ottawa's consent and that consent, it is understood, is unlikely to be given.

Defense Aspect

Another interest of the Dominion is the potential status of the road as a military defense scheme. This aspect of the Alaskan highway has been under study both at Washington and in the Department of National Defence here. The Dominion sees the advantages of the road as a common defense bulwark, if it could be kept in repair and open to traffic during the long winter.

At the same time it has been suggested that overemphasis on this side of the picture may be responsible for the Canadian Government's desire to move cautiously. Military issues in Canada can be charged with political dynamite, and such a road would jeopardize Canada's neutrality in event of war involving the U. S.

The history of the Alaskan project dates back to 1930. After a definite assurance that it would be only a fact-finding body, the Dominion Government appointed Hon. George Black, then Speaker of the House of Commons, and J. M. Wardle, then chief engineer of the Canadian National Parks, to an American-Canadian committee. The Tolmie Government in British Columbia appointed a third member, C. P. Napier, assistant engineer of the Department of Public Works.

British Columbia had already spent some $50,000 on its own surveys of proposed routes in the province and this information was available when the joint committee held its first and only meeting in Victoria in the fall of 1931.

Routes Studied

Information on several routes was consistent, the most information being available on a proposed road running from Hazelton to Atlin Lake to White Horse to Dawson. This route is sufficiently far east of the coast range to avoid dangers of heavy snowfall. This information is outlined in the report of the U. S. commission members published in 1933:

	Mileage
* Blaine, Wash., to Hazelton, B.C.	815
† Hazelton to Yukon	610
xx Yukon line to Alaska	530
† Alaskan boundary to McCarty	180
* McCarty to Fairbanks	90
Total	2,225

* Existing road. † New work. xx Mainly passable road.

The American report set a cost of $14 millions with $12 millions to be spent in Canada. On the basis of this investment annual charges could be as high as $2 millions.

The committee, however, decided that the way should be left open for the study of other routes. One route which will undoubtedly come up for discussion if a second committee is named is that from Prince George north, following the Parsnip, Finlay and Pelley Rivers. This, in general, is the old trail used in the gold rush from Edmonton to the Klondyke.

The 1930 committee got as far as concluding that the scheme was feasible from an engineering standpoint before the Bennett regime, with the support of Premier Tolmie, sounded its death knell with the statement that the project could not be financed at that time.

Revived by Pattullo

So far as Canada was concerned the Alaskan highway was dead and buried until Premier Pattullo exhumed the remains and started artificial respiration by way of Washington.

In the United States the issue has never been entirely dropped. In 1933 a memorial to Congress from the Alaska legislature emphasized the importance of a road to link the United States with a territory where "there are 400,000 acres of known gold-bearing gravels."

It may have been this glittering prospect which inspired a bill in the Senate in 1934. As finally passed a year later it empowered the President to do everything except spend any money on the Alaskan highway.

Three Considerations

To make any useful estimate of the highway as a Canadian, British Columbian or American asset, its value must be weighed:

1. As a commercial artery.
2. As a tourist attraction.
3. As a military highway.

Immediate prospects of commercial advantages to British Columbia are not sufficient to turn the scales very far in favor of the project. All proposed routes from Hazelton north would be through sparsely populated, rugged country, so far hardly exploited in the fields of mining, farming or lumbering.

The last eight years have not changed this picture materially, though certain mineral areas along both eastern and western routes have shown some promise.

In the southern section of British Columbia the new section of the road would pass through a small area of arable land—the district visited recently by Sir Henry Page Croft, chairman of the Empire Settlement Board, in his efforts to push his ambitious scheme for the settling of 160,000 immigrants in Canada.

The tourist picture is enticing but not quite convincing.

The committee apparently reached the conclusion that it would require 20,000 tourists annually to make the undertaking economically sound.

The following estimate for five years after completion appears in the report prepared by the American members of the commission:

Alaska Highway
Estimated Tourist Traffic

Year	No. of cars	Tourist spending	*Tax earnings
1st	3,100	$1,860,000	$102,300
2nd	3,300	1,980,000	108,900
3rd	3,500	2,100,000	115,500
4th	3,750	2,250,000	123,750
5th	3,950	2,370,000	130,350

*Tax earnings of the road are figured at $1.10 per day per car.

The military benefits of the road to the United States have created a strong factor in keeping interest alive at Washington. American air basis in Alaska with land transport to the United States border would be an effective weapon in case of war with an Asiatic power. By the same token Alaska in the hands of an enemy power would be an air menace to the United States.

What is more likely than this super-hypothesis is that Canada and the United States may some day find themselves defending their coastline against a common enemy. In such event the Alaskan highway would be a vital artery for both countries.

But even this prospect is clouded by fears of some military experts who fear ice, snow and low temperatures would make sections of the road impassable during a large part of the year.

Construction World

Ottawa Revising Code

OTTAWA.—Draft provisions of the proposed national building code being formulated by representative construction and engineering bodies, are being largely utilized as a guide by civic authorities here in evolving a new and modernized code for the capital city. Under consideration is a consolidated code of only 16 main clauses, to replace the 43 clauses embodied in the present city building by-laws.

Under the new code, frame houses could be erected which have a clearance of six feet from each lot line, which would mean a space of 12 feet betwen frame structures. Brick veneer buildings would have a clearance of two feet from the edge of the lot adjoining a wooden dwelling, which would result in a space of eight feet between such structures.

Wooden joists would be prohibited and other fire-resisting construction required in the designated downtown building area. In the second zone, which is a combination of business and residential properties, exteriors would have to be of fire-proof material but wooden joists could be used. Brick veneer buildings could not be more than two floors in height nor contain more than six residential suites. Incinerators would be banned in new apartment buildings and the maximum height of apartments would be 110 feet.

If a building were damaged to the extent of 50% or more by fire or other cause, it would have to be completely demolished. Other regulations govern exits from churches and other public buildings and also minimum window measurements for rooms.

H. I. P. Loans In Hamlets Up

Now Account for Larger Proportion of Grand Total

A slight falling off in volume of Home Improvement Plan loans in urban centres and a corresponding increase in operations in the smaller hamlets, are shown by latest figures issued by the Department of Finance.

During the past year, proportion of loans in urban centres (5,000 population and over) to the grand total of H.I.P. loans, has dropped from 75% to less than 72%. In the same period, loans in villages and hamlets have advanced from about 10% to 14%. The volume of loans in rural areas, for improvement to farms, has undergone a negligible adjustment, slipping from 15% to 14%.

Farm Total

Farm loans since inception of the Plan totalled $2.9 millions, or 14% of the grand total of H.I.P. loans on that date. The farm figure was made up of 7,608 loans for amounts ranging from $50 to $2,000, not only for improvement of farm homes but also for repair and construction of barns, silos and greenhouses, and erection of fences.

Totals of loans in the larger cities, and in smaller centres with high H.I.P. figures, are as follows:

Urban H. I. Loans
(Nov., 1936-Aug. 31, 1938)

City or Town:	Amount $
Toronto	2,003,941
Montreal	1,289,877
Winnipeg	693,350
Vancouver	643,195
Edmonton	606,395
Kirkland Lake	557,450
Timmins	555,871
Ottawa	395,960
Sudbury	350,373
Hamilton	327,451
Windsor	318,077
Calgary	308,676
London	280,905
Saint John	234,425
Halifax	204,256
Rouyn	203,430
Quebec	185,988
St. Thomas	168,986
New Waterford (N.S.)	162,658
Flin Flon (Man.)	156,695
Trail (B.C.)	153,034
Victoria	140,071
Regina	82,779

New Building

Zellers' Ltd., Montreal, is checking bids for contract to erect $200,000 department store in Halifax.

Department of Public Works, Ottawa, has awarded 19 contracts for wharf and other public works in seven provinces, involving a total outlay of $255,322.

The T. Eaton Co. Western Ltd. has awarded general contract for erection of $800,000 department store building at Edmonton.

Elgin House, well known resort hotel on Lake Joseph, in the Muskoka district of Ontario, has started work on reconstruction and enlargement of the building.

Fleet Aircraft of Canada Ltd. is reportedly contemplating an extensive addition to its plant at Fort Erie, Ont. Announcement of plans awaits return of President W. J. Sanderson from England, where he is participating in negotiations looking to production of war planes for the British Government.

Davis & Turpin, Sudbury realty firm, is representing unnamed interests in initiating construction of $100,000 theatre in the Northern Ontario town.

Maitland Steinkopf, Winnipeg lawyer, has had tenders called for erection of three-story hotel at Portage Ave. and Colony St., Winnipeg. Cost is estimated at $225,000.

CHARTERED ACCOUNTANTS

IMPROVEMENTS IN FINANCIAL STATEMENTS

What is income? Where does it come from and how is it expended?

Business enterprise is conducted with a view to profits; profits—and dividends—depend on income. It follows, therefore, that the business owner or executive, the shareholder, the prospective investor, and the banker who is called upon for a loan, are vitally interested in the answers to these questions.

Until recently the balance sheet has been regarded traditionally as the foremost means of disclosing the financial condition of a business. Why, then, is so much emphasis being currently laid on the income account and related statements as the best medium of providing this information?

A prominent professional accountant stated in an address (reprinted in "THE CANADIAN CHARTERED ACCOUNTANT") that while the balance sheet retained its importance as an historical document, its value as a means of disclosing the condition of a business was greatly overshadowed by that of various other statements. He classified four types of statements which he believed would soon exceed the balance sheet in order of importance—a revenue and expenditure statement reflecting earning capacity; a statement of quick assets and liabilities indicating degree of solvency; a statement of changes in reserves to amplify the income statement, and a statement showing the source and application of funds. It will be observed that these statements are planned to provide a complete analysis of income, and to show the availability of cash for dividend distribution.

Developments such as the above illustrate how the accounting profession is continually directing its attention through study and research to the evolvement of methods designed to serve the best interests of modern business.

One of a series of brief discussions of the work of the professional accountant.

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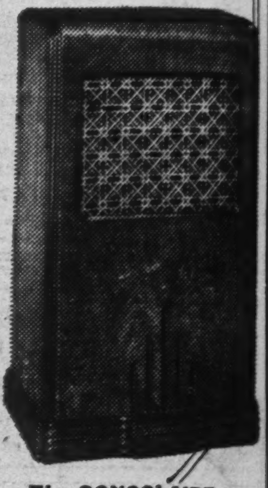

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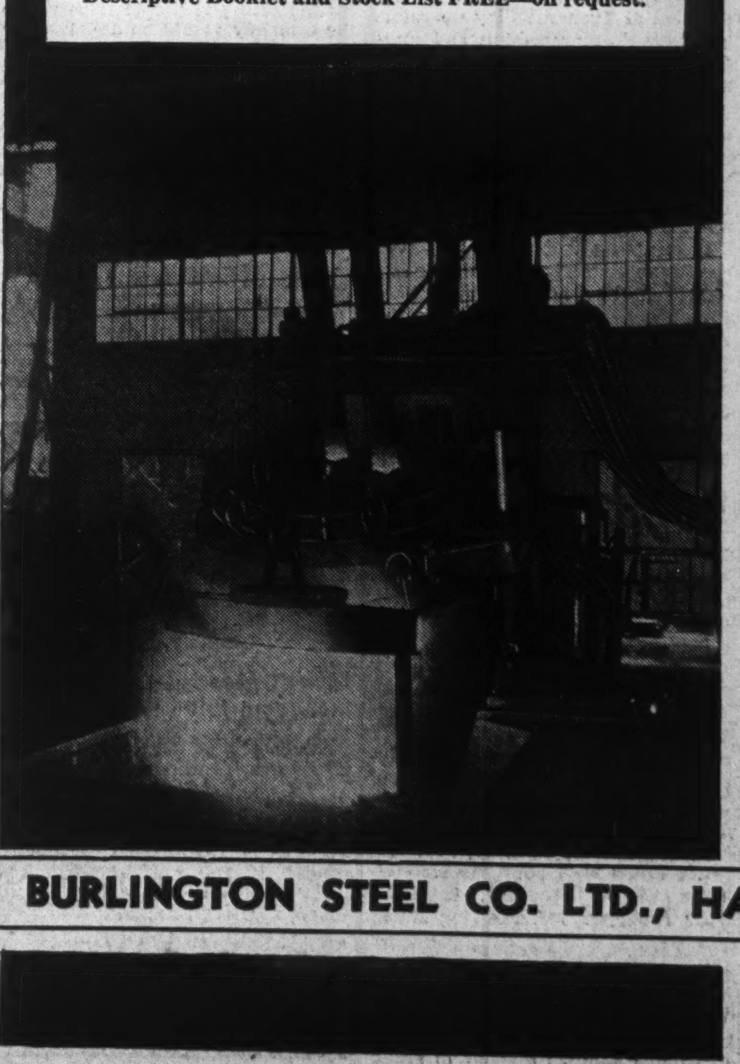

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Harrow I Beams
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